



JES INTERNATIONAL HOLDINGS LIMITED

(Company Registration No: 200604831K)

Condensed Interim Financial Statements
For the First Quarter ended 31 March 2020

Table of Contents

- A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
- B. Condensed Interim Statements of Financial Position
- C. Condensed Interim Statements of Changes in Equity
- D. Condensed Interim Consolidated Statement of Cash Flows
- E. Notes to the Condensed Interim Consolidated Financial Statements
- F. Other Information Required by the Listing Rule Appendix 7.2

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Company		Change % + / (-)
		Three Months Ended		
		31 Mar 2020 Unaudited SGD'000	31 Mar 2019 Unaudited SGD'000	
Revenue	4	-	-	
Cost of sales		-	-	
Gross profit/(loss)		-	-	
Other operating income		-	-	
Expenses				
Administrative expenses		-	(94)	NM
Other operating expenses		-	-	
Finance costs		-	*	
Loss before income tax	6	-	(94)	NM
Income tax expense	7	-	-	
Loss for the period		-	(94)	NM
<i>Other comprehensive income, net of tax</i>				
Item that may be reclassified to profit or loss in subsequent periods:				
Currency translation differences		-	-	
Total comprehensive loss for the period		-	(94)	NM
Loss attributable to:				
Owners of the Company		-	(94)	NM
Total comprehensive loss for the period attributable to:				
Currency translation differences		-	-	
Owners of the Company		-	(94)	NM
Loss per share for the period attributable to the owners of the Company:				
-Basic (SGD in cents)		-	(0.01)	NM
-Diluted (SGD in cents)		-	(0.01)	NM
Weighted average numbers of ordinary shares		1,208,028,000	1,208,028,000	

N.M.: Not Meaningful

B. Condensed interim statements of financial position

		The Company	
		As at 31-Mar-20 Unaudited SGD'000	As at 31-Dec-19 Unaudited SGD'000
<u>ASSETS</u>	Note		
Non-current assets			
Property, plant and equipment		-	-
Total non-current assets		-	-
Current assets			
Trade receivable		-	-
Other receivables and prepayments		-	-
Due from a subsidiary	10	682	682
Cash and cash equivalents		-	-
Total current assets		682	682
Total assets		682	682
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade payable		-	-
Other payable	11	10,000	10,000
Income tax payable		4	4
Total current liabilities		10,004	10,004
Non-current liabilities			
Borrowings	12	5,479	5,479
Total non-current liabilities		5,479	5,479
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</u>			
Share capital	13	294,797	294,797
Capital reserve	14	10,401	10,401
Currency translation reserve	15	(28,284)	(28,284)
Accumulated losses		(291,715)	(291,715)
Equity attributable to owners of the Company		(14,801)	(14,801)
Total liabilities and equity		682	682

See accompanying notes to condensed financial statements.

C. Condensed interim statements of changes in equity

	Attributable to equity owners of the Company						
	Share Capital SGD'000	Capital Reserve SGD'000	Foreign Currency Translation Reserve SGD'000	Revaluation Reserve SGD'000	Accumulated Profits/ (losses) SGD'000	Non- Controlling Interest SGD'000	Equity Attributable to Owners of the Company SGD'000
The Company							
Balance at 1 January 2019	294,797	10,401	(28,284)	-	(291,621)	-	(14,707)
Total comprehensive loss for the period	-	-	-	-	(94)	-	(94)
Balance at 31 March 2019	294,797	10,401	(28,284)	-	(291,715)	-	(14,801)
Balance at 1 January 2020	294,797	10,401	(28,284)	-	(291,715)	-	(14,801)
Total comprehensive loss for the period	-	-	-	-	-	-	-
Balance at 31 March 2020	294,797	10,401	(28,284)	-	(291,715)	-	(14,801)

See accompanying notes to condensed financial statements.

D. Condensed interim consolidated statement of cash flows

Note	The Company	
	Three Months Ended	
	31 Mar 2020	31 Mar 2019
	Unaudited	Unaudited
	SGD'000	SGD'000
Operating activities		
Profit/(Loss) before income tax	-	(94)
	-	(94)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	-	-
<i>Operating cash flows before movements in working capital</i>	-	(94)
Working Capital changes:		
Operating receivables	-	-
Operating payables	-	-
Other receivables and prepayments	-	-
Other payables and accruals	-	94
Cash used in operations	-	-
Income tax paid		-
Net cash generated/(used) in operating activities	-	-
Investing activities		
Net cash generated from investing activities	-	-
Financing activities		
Net cash generated from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the financial period	-	*
Net effect of exchange rate changes on the balance of cash held in foreign currencies	-	-
Cash and cash equivalents at end of the financial period	-	-

* Less than SGD 1,000

See accompanying notes to condensed financial statements.

E. Notes to the condensed interim consolidated financial Statements

1. Corporate information

JES International Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) (Registration No. 200604831K) is a limited liability company incorporated and domiciled in the Republic of Singapore with its registered office at 10 Bukit Batok Crescent, #04-06 The Spire, Singapore 658079. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Company’s immediate and ultimate holding company is JES Overseas Investment Limited, which is incorporated in the British Virgin Islands.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of its subsidiaries in the People’s Republic of China (“PRC”), which include Jiangsu Eastern Heavy Industries Co., Ltd, Jiangsu New Eastern Marine Engineering Equipment Co., Ltd, Jiangsu Nereus Shipyard Co., Ltd, Jingjiang Eastern Heavy Steel Structure Co., Ltd and JYJJP Eastern Shipyard Supplies Co., Ltd (collectively, the “PRC Subsidiaries”), are those of shipbuilding and steel structure manufacturing business. The PRC Subsidiaries have ceased operation since 20 August 2015.

Due to the unavailability of the complete accounting records of the PRC Subsidiaries and that the Company’s Singapore subsidiary is a dormant company, the Group did not consolidate the financial statements of the PRC and Singapore subsidiaries for the financial period ended 31 March 2020. Accordingly, these financial statements only relate to the financial information of the Company and not of the entire Group.

Proposed Restructuring of the Group’s PRC Subsidiaries

On 4 March 2015, the Company has requested for mandatory trading suspension over the Company’s shares from the Singapore Exchange Securities Trading Limited as Jiangsu Eastern Heavy Industries Co., Ltd (“JEHI”), a major subsidiary of the Company in 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”). As announced by the Company on 30 September 2016, Xingrui Accountant Office Ltd Co and Jiangsu Tianzi Law Offices had been appointed as the managers of the Proposed Restructuring (the “Managers”) and the Managers applied to the court to treat the PRC Subsidiaries as a single merged entity for the purposes of conducting the Proposed Restructuring as the PRC Subsidiaries have largely the same group of creditors. The application to treat the PRC Subsidiaries as a single merged entity was approved by the Jingjiang Court on 25 October 2016.

Proposed Disposal

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 agreed to sell, and the Purchaser 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 comprise the PRC Subsidiaries). For avoidance of doubt, the Proposed Restructuring is independent of the Proposed Disposal and the Company will proceed with the Proposed Disposal provided that all of the conditions in the SPA have been fulfilled and/or waived, as the case may be. 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 all relevant authorities and affected parties on the Proposed Restructuring.

Judicial Management

As announced by the Company on 11 February 2019 and 21 March 2019, the board of directors (the “Board”) of the Company had filed an application with the Singapore High Court for the Company to be placed under judicial management (“JM”), and the Company was thereafter placed under JM with effect from the date of the judicial management order granted by the Singapore High Court on 20 March 2019.

The Company has since been discharged from JM pursuant to an order granted by the Singapore High Court on 14 January 2022.

As the Company was under JM during the period from 20 March 2019 to 14 January 2022 and the affairs of the Company were managed by the judicial manager during the foregoing period, these financial statements, including explanatory notes and other information set out herein, have been prepared to the best of the knowledge of the current management and/or Board based on information available to the Company as at the date of this announcement.

Shareholders and potential investors of the Company are accordingly advised to read this announcement in full and any other prior and further announcements made by the Company carefully. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

E. Notes to the condensed interim consolidated financial Statements (cont'd)

2. Basis of preparation

The condensed financial statements for the three months ended 31 March 2020 have been prepared in accordance with SFRS(I) 1-34 Financial Reporting issued by the Accounting Standards Council Singapore. However, the condensed financial statements do not include all the information required for a complete set of financial statements. Accordingly, and where applicable, explanatory notes have been included to explain events and transactions that are significant for shareholders' understanding of the changes in the Group's financial position and performance of the Group since the last audited financial statements for the period ended 31 December 2016.

The accounting policies adopted are consistent with those of the previous financial period which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency and all values in the tables are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

Going concern assumption

As at 31 March 2020, the Company's current liabilities exceeded its current assets by approximately S\$9.3million as compared to S\$9.3 million as at 31 December 2019. The net current liabilities are due mainly to third parties. The Company had no net cash generated from operating activities for the three months ended 31 March 2020.

The Group's PRC subsidiaries have ceased operations and been under the management of the Managers of the Proposed Restructuring since 20 August 2015.

The presence of the above-mentioned conditions, indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as going concern. Nevertheless, the directors are of the opinion, that the use of the going concern basis in the preparation of the condensed financial statements of the Company for the three months ended 31 March 2020 is appropriate, after taking into consideration the following mitigating factors:

- (a) the Proposed Disposal is still ongoing and upon completion, the Company will receive a consideration of US\$500,000 in accordance with the terms of the SPA which can be utilised as working capital;
- (b) the Company is presently in discussions with relevant parties in connection with certain transaction(s) which may be undertaken by the Company such as reverse takeover or a transfer of the Company's listing status, and subject to the completion of such transactions,
- (c) the Company is progressively engaging with potential new investors to secure new equity and /or loan injection.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of the business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements as at the date of this announcement.

Given that these condensed financial statements have not been audited or reviewed by the Company's auditors, depending on the eventual outcome of, among others, the Proposed Disposal and Proposed Restructuring, the Company may have to make material adjustments to its financial performance and financial position as contained herein. In this regard, the Company will make the appropriate announcements accordingly when more information is available.

Consolidation

The Company is a holding company with a number of subsidiaries and is therefore required by Singapore Financial Reporting Standards to present consolidated condensed financial statements. The Company has not prepared consolidated condensed financial statements and has not equity accounted for its joint ventures and associates because of concerns over the accuracy and reliability of such statements in the circumstances described below.

As previously announced by the Company on 2 July 2015 and 20 August 2015, the Company does not currently have in its possession all of its accounting and/or administrative records of the PRC Subsidiaries. The Group's PRC Subsidiaries have ceased operations and have been under the management of the Managers of the Proposed Restructuring since 20 August 2015. Accordingly, the current Board is of the view that it may be misleading to consolidate the accounts of the PRC Subsidiaries when the Company is unable to verify the completeness, accuracy, or truthfulness of such records. The Company's Singapore subsidiary is a dormant company.

In light of the above, these financial statements only relate to the condensed financial information of the Company and not the consolidated condensed financial statement of the Group for the three months ended 31 March 2020.

E. Notes to the condensed interim consolidated financial Statements (cont'd)

2. Basis of preparation (cont'd)

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the financial period ended 31 December 2016.

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the condensed financial statements is included in the following notes:

(a) Foreign currency transactions and translation

Foreign currency transactions and translation in preparing the condensed financial statements, transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are converted at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are converted at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from the settlement of monetary items, and on conversion of monetary items are included in profit or loss for the financial period under review. Exchange differences arising from the conversion of non-monetary items carried at fair value are included in profit or loss for the financial period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

For the purpose of presenting the condensed interim financial statements of the Company, the assets and liabilities (including comparatives) are expressed in Singapore Dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the foreign exchange reserve.

(b) Determination of functional currency

In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the entity operate and the entity's process of determining sales prices.

The functional currency of the Company remains as Singapore Dollar for the condensed interim financial statements of the Company for the three months ended 31 March 2020.

(c) Impairment of investment in subsidiaries and impairment of amounts due from subsidiaries

The PRC Subsidiaries have ceased all operations since 20 August 2015. Following the order of the Jingjiang Court on 25 October 2016 as described in Note 1 above, the PRC Subsidiaries are currently treated as one entity. In respect of the Proposed Disposal, the recoverability of the consideration amount of USD 500,000 is dependent on the completion of the conditional sales and purchase agreement entered into between the Company and the Purchaser on 12 February 2016.

The recoverable amount of cost of investment in subsidiaries and receivable from a subsidiary are determined based on higher of value in use or market value. The market value was determined based on the cash consideration of USD500,000 (S\$682,000) as agreed under the conditional sales and purchase agreement in relation to the disposal of the Company's Shipbuilding Business. The current year impairment review led to the same recoverable amount of USD500,000 (S\$682,000).

The Company's carrying value of receivables from a subsidiary at 31 March 2020 are disclosed in Note 10.

E. Notes to the condensed interim consolidated financial Statements (cont'd)

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

(d) *Impairment of other receivables and prepayments*

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default or have significant delay in payments are considered objective evidences that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

3. Seasonal operations

Not applicable.

4. Segment and revenue information

Not applicable.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Company as at 31 March 2020 and 31 December 2019:

	The Company	
	As at	As at
	31-Mar-20	31-Dec-19
	Unaudited	Unaudited
	<u>SGD'000</u>	<u>SGD'000</u>
Financial assets		
Financial assets at amortised cost	682	682
	682	682
Financial liabilities		
Financial liabilities at amortised cost	15,479	15,479
	15,479	15,479

Financial assets at amortised cost consist of cash and bank balances, trade receivables and other receivables excluding prepayments, deferred commission expenses, grant receivables, accrued rental income and GST receivable.

Financial liabilities at amortised cost consist of bank loans and overdrafts, trade payables excluding GST payables, other payables, lease liabilities, long-term borrowings, long-term deposit and financial guarantee liabilities.

E. Notes to the condensed interim consolidated financial Statements (cont'd)

6. Profit/(Loss) before income tax

6.1 Significant items

	The Company	
	Three months ended	
	31 Mar 2020	31 Mar 2019
	Unaudited	Unaudited
	SGD'000	SGD'000
Professional fees	-	5
Director fees & remuneration	-	81
Employer's contributions to defined contribution plans	-	3
Office rental	-	3
Storage fees	-	2

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the condensed financial statements.

7. Taxation

The Company's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial period.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

8. Dividend

No dividend has been declared or recommended by the board of directors of the Company ("Board" or "Directors") for the current financial period as the Company is in an accumulated loss-making position.

9. Net asset value

	The Company	
	As at	As at
	31 Mar 2020	31 Dec 2019
	Unaudited	Unaudited
Net asset value per ordinary share based on issued share capital at the end of financial period (in SGD Cents)	(1.23)	(1.23)
Number of ordinary shares issued as at end of the period	1,208,028,000	1,208,028,000

E. Notes to the condensed interim consolidated financial Statements (cont'd)

10. Due from a subsidiary

	The Company	
	As at	As at
	31-Mar-20	31-Dec-19
	Unaudited	Unaudited
	<u>SGD'000</u>	<u>SGD'000</u>
Due from a subsidiary	682	682
	682	682

The PRC subsidiaries have ceased operations and production of their existing businesses since 20 August 2015, and the operation have not been resumed as at the date of this condensed financial statements. The PRC Subsidiaries have been treated as one entity followed by the order from Jingjiang Court on 25 October 2016.

On 12 February 2016, the Company announced that it has entered into a conditional sales and purchase agreement with a company registered in Hong Kong for the whole of the registered capitals of the Company's wholly-owned subsidiaries, JEHI and Jiangsu New Eastern Marine Engineering Equipment Co., Ltd and 49% of the registered capital of the Company's wholly-owned subsidiary, Jiangsu Nereus Shipyard Co., Ltd for cash consideration of USD 500,000 collectively. The recoverable amount is dependent on the completion of this conditional sales and purchase agreement. The recoverable amount of cost of investment in subsidiaries and receivable from a subsidiary are determined based on higher of value in use or market value. The market value was determined based on the cash consideration of USD 500,000 (\$682,000) as agreed under the conditional sales and purchase agreement in relation to the disposal of the Company's Shipbuilding Business.

The current period impairment review led to the same recoverable amount of USD 500,000 (\$682,000). The carrying amounts of the Company's amounts due from a subsidiary are denominated in United States dollars.

11. Other Payables

		The Company	
		As at	As at
		31-Mar-20	31-Dec-19
		Unaudited	Unaudited
	Note	<u>SGD'000</u>	<u>SGD'000</u>
Accrued operating expenses	(a)	151	151
Accrued for Director Fees & Director Remunerations		1,826	1,826
Loan from third parties		7,802	7,802
Loan from Director		90	90
Other payables	(b)	131	131
		10,000	10,000

(a) Accrued operating expenses mainly consist of accrual of professional fees and staff salaries.

(b) Other payables mainly consist of payables relating to professional fees.

E. Notes to the condensed interim consolidated financial Statements (cont'd)

12. Borrowings

Amount repayable in one year or less, or on demand

	<u>The Company</u>			<u>The Company</u>		
	<u>As at 31 Mar 2020</u>			<u>As at 31 Dec 2019</u>		
	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>
Borrowings	-	-	-	-	-	-

Amount repayable after one year

	<u>The Company</u>			<u>The Company</u>		
	<u>As at 31 Mar 2020</u>			<u>As at 31 Dec 2019</u>		
	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>
Borrowings	5,479	-	5,479	5,479	-	5,479

Borrowings were secured by a guarantee provided by ultimate holding company and is payable on 10 September 2016.

As disclosed in Note 16, the Company was in dispute with the lender and the legal proceeding has not commenced.

13. Share capital

The share capital of the Company comprised 1,208,028,000 ordinary shares as at 31 March 2020 and 31 December 2019 respectively.

The Company did not hold any treasury share as at 31 March 2020 and 31 December 2019 respectively.

The Company's subsidiaries do not hold any shares in the Company 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.

14. Capital reserve

The Company's capital reserve represents the Company's shares borrowed from its ultimate holding company, for prepayment in relation to the acquisition of an investment in unquoted equity.

15. Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements the Company, whose functional currency was different from presentation currency. Movement in this account is set out in the statements of changes in equity.

16. Contingent liabilities

Disputes on loan arrangement

On 30 August 2013, the Company and a third party, Lyceum Partners LLC (the "lender") has entered into a Loan and Maintenance Agreement ("LMA") to provide working capital for the Company. For the LMA to take effect, the Company's holding company JES Overseas Investment Limited (JESO) is required to provide a guarantee via the transfer of the Company's shares to the lender. Simultaneously, JESO entered into a Master Repurchase Agreement (MRA) with the lender which provides JESO a right to repurchase the Company's shares which were transferred to the lender as the guarantee.

On 2 July 2014, the Company has announced a dispute with the lender with regard to the LMA. The lender claimed that the fair value of the Company's shares was less than 80% of the purchase price ("the valuation event") which casted as a default in the MRA. JESO has failed to cure such Valuation Event in accordance with the terms of the MRA and that the MRA was terminated. The Company has appointed lawyer who is currently preparing for the legal actions against the lender. As at date of this condensed interim financial statements, the legal proceeding has not commenced.

E. Notes to the condensed interim consolidated financial Statements (cont'd)

17. Subsequent events

Subsequent to the end of financial period, the following events have taken place:

1) Judicial Management

As announced by the Company on 11 February 2019 and 21 March 2019, the Board of the Company had filed an application with the Singapore High Court for the Company to be placed under JM, and the Company was thereafter placed under JM with effect from the date of the judicial management order granted by the Singapore High Court on 20 March 2019.

The Company has since been discharged from JM pursuant to an order granted by the Singapore High Court on 14 January 2022.

2) Proposed Restructuring of the Group's PRC Subsidiaries

As at the date of this announcement, the Company had not received any updates from the judicial manager (during the period in which the Company was under JM) or the Managers in respect of the Proposed Restructuring. The Company has since reached out to the Managers for updates on the Proposed Restructuring but expects delay due to the ongoing Covid-19 restrictions in the PRC. The Company will make further announcement as and when the Company receives formal updates from the Managers.

3) Proposed Transactions

The Company is presently in discussions with relevant parties in connection with certain transaction(s) which may be undertaken by the Company such as reverse takeover or a transfer of the Company's listing status. The Company will make further announcement should there be material development in relation to the foregoing.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed interim statement of financial position of the Company as at 31 March 2020 and the related condensed interim statement of comprehensive income for the three months then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three months then ended and certain explanatory notes have not been audited or reviewed.

Due to the unavailability of the complete accounting records of the PRC subsidiaries and the Company's Singapore subsidiary is a dormant company, the Group did not consolidate the condensed interim financial statements of the PRC and Singapore subsidiaries for the three months ended 31 March 2020. The Group only prepares the condensed interim financial information of the Company for the three months ended 31 March 2020.

As the Company was under JM during this period and the Company had not received any significant updates from the judicial manager, these condensed interim financial statements have been prepared on the basis that the Company did not have any operations during this period.

2. Review of performance of the Company

Financial performance review

The Company did not generate any revenue or other operating income during the three months.

Administrative expenses decreased by S\$94,000 due to the Company being under JM in the three months.

Overall, the Company reported no income or loss after tax in the first quarter 2020. Attributable to the owners of the Company was zero in the first quarter 2020 as compared to a loss of S\$94,000 in the first quarter 2019.

Financial position review

As at 31 March 2020, the Company's current assets stood at S\$682,000 which mainly comprised amounts due to a subsidiary.

As at 31 March 2020, the Company's current liabilities stood at S\$10 million which mainly comprised amounts due to third parties and accruals in director fees and director remunerations.

The non-current liabilities as at 31 March 2020 comprised long term borrowings amounting to SGD5.5 million.

Cash Flow Statement

No net cash used in operating activities by the Company for the three months period ended 31 March 2020.

There was no cash generated from financing activities and investing activities for the Company for the three months period ended 31 March 2020.

As a result, the Company recorded no movement in cash and cash equivalents.

Net Current Liabilities and Negative Net Equity

As at 31 March 2020, the Company's current liabilities exceeded its current assets by S\$9.3 million. The net current liabilities are due mainly to payables to third parties and director fees and director remunerations.

As at 31 March 2020, the Company's accumulated losses together with currency translation reserve exceeded its share capital, resulting in negative net equity by S\$14.8 million.

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

There is no forecast or prospect statement which has been previously disclosed.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (cont'd)

4. 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 operating period and the next 12 months

As announced by the Company on 18 September 2017, the Company has been classified as a cash company pursuant to Rule 1018 of the Listing Manual. The Company has since been discharged from JM pursuant to an order granted by the Singapore High Court on 14 January 2022.

As highlighted in the preceding sections of these financial statements, the Company is presently in discussions with relevant parties in connection with certain transaction(s) which may be undertaken by the Company such as reverse takeover or a transfer of the Company's listing status. The Company will make further announcement should there be material development in relation to the foregoing.

5. Interested person transactions

No IPT mandate has been obtained for the period under review.

6. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its Directors and executive officers in accordance with Rule 720(1) of the Listing Manual.

7. Additional information required pursuant to Rule 706A

Not Applicable.

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

The Directors do hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the first quarter ended 31 March 2020 to be false or misleading in any material aspect.

By order of the Board

Jin Yu
Executive Director

Dated: 13 January 2022

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.