

**THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

**PART 1- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

1(a)(i) Unaudited Consolidated Income Statement for the Third Quarter ended 30 September

	1 Jul 09 to 30 Sep 09	1 Jul 08 to 30 Sep 08	Change
	(RMB'000)	(RMB'000)	%
Revenue	299,966	413,697	(27.5)
Cost of sales	(271,285)	(337,732)	(19.7)
Gross profit	28,681	75,965	(62.2)
Other operating income	6,726	5,582	20.5
Selling and distribution expenses	(11,395)	(12,761)	(10.7)
Administrative expenses	(10,796)	(7,572)	42.6
Other operating expenses	(8,558)	(18,694)	(54.2)
Profit from operations	4,658	42,520	(89.0)
Finance costs	(3,069)	(458)	570.1
Profit before income tax	1,589	42,062	(96.2)
Income tax expense	-	(2,730)	N/M
Profit attributable to equity holders	1,589	39,332	(96.0)

Unaudited Consolidated Statement of Comprehensive Income for the Third Quarter ended 30 September

Profit for the period	1,589	39,332	(96.0)
<u>Other comprehensive income/(expense)</u>			
Foreign currency translation differences	10,584	(42,438)	N/M
Total comprehensive income/(loss) for the period	12,173	(3,106)	N/M

Notes to the Consolidated Income Statement

	1 Jul 09 to 30 Sep 09	1 Jul 08 to 30 Sep 08	Change
	(RMB'000)	(RMB'000)	%
Interest income	5,150	2,723	89.1
Gain on sale of scrap materials	1,707	2,459	(30.6)
Net foreign exchange loss	(8,558)	(18,607)	(54.0)
Allowance for doubtful trade receivables	(3,377)	-	N/M
Allowance for doubtful other receivables	-	(237)	N/M
Write back of allowance for doubtful other receivables	21	-	N/M
Fair value loss on financial assets at fair value through profit or loss	(139)	(92)	51.1
Depreciation of property, plant and equipment	(3,187)	(646)	393.3
Operating lease expenses	(3,365)	(3,300)	2.0
Interest expense	(2,695)	(323)	734.4

N/M – Not meaningful

1(a)(ii) Unaudited Consolidated Income Statement for the Nine Months ended 30 September

	1 Jan 09 to 30 Sep 09	1 Jan 08 to 30 Sep 08	Change
	(RMB'000)	(RMB'000)	%
Revenue	980,130	1,055,666	(7.2)
Cost of sales	(906,096)	(858,196)	5.6
Gross profit	74,034	197,470	(62.5)
Other operating income	18,902	24,601	(23.2)
Selling and distribution expenses	(37,480)	(29,352)	27.7
Administrative expenses	(26,847)	(21,282)	26.1
Other operating expenses	(64,641)	(72,530)	(10.9)
(Loss)/profit from operations	(36,032)	98,907	N/M
Finance costs	(6,633)	(3,239)	104.8
(Loss)/profit before income tax	(42,665)	95,668	N/M
Income tax expense	(1,223)	(4,146)	(70.5)
(Loss)/profit attributable to equity holders	(43,888)	91,522	N/M

Unaudited Consolidated Statement of Comprehensive Income for the Nine Months ended 30 September

(Loss)/profit for the period	(43,888)	91,522	N/M
<u>Other comprehensive income/(expenses)</u>			
Foreign currency translation differences	1,714	(49,414)	N/M
Total comprehensive (loss)/income for the period	(42,174)	42,108	N/M

Notes to the Consolidated Income Statement

	1 Jan 09 to 30 Sep 09	1 Jan 08 to 30 Sep 08	Change
	(RMB'000)	(RMB'000)	%
Interest income	12,314	18,790	(34.5)
Gain on sale of scrap materials	6,531	5,411	20.7
Net foreign exchange loss	(64,641)	(71,469)	(9.6)
Allowance for doubtful trade receivables	(3,992)	(86)	4,541.9
Allowance for doubtful other receivables	(46)	(1,481)	(96.9)
Fair value gain/(loss) on financial assets at fair value through profit or loss	39	(457)	N/M
Depreciation of property, plant and equipment	(6,353)	(3,279)	93.7
Operating lease expenses	(10,101)	(9,900)	2.0
Interest expense	(5,973)	(3,063)	95.0
Fair value loss on structured deposit	-	(604)	N/M

N/M – Not meaningful

1(b) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediate preceding financial year

1(b)(i) Unaudited Statements of Financial Position

	Group			Company		
	As at 30 Sep 2009 (RMB'000)	As at 31 Dec 2008 (RMB'000)	Change %	As at 30 Sep 2009 (RMB'000)	As at 31 Dec 2008 (RMB'000)	Change %
Assets						
<u>Non-current assets</u>						
Property, plant and equipment	789,628	432,812	82.4	350	300	16.7
Investment in subsidiaries	-	-	N/M	683,013	512,728	33.2
Loan to a subsidiary	-	-	N/M	109,088	109,376	(0.3)
	789,628	432,812	82.4	792,451	622,404	27.3
<u>Current assets</u>						
Inventories	182,023	121,773	49.5	-	-	N/M
Due from customers for construction contracts	807,969	636,285	27.0	-	-	N/M
Trade receivables	-	5,292	N/M	-	-	N/M
Other receivables, prepayments and deposits	663,745	730,953	(9.2)	65	137	(52.6)
Due from a subsidiary	-	-	N/M	277,056	268,032	3.4
Financial assets at fair value through profit or loss	480	441	8.8	-	-	N/M
Deposits for notes payable	463,009	200,686	130.7	-	-	N/M
Pledged fixed deposits	354,943	347,884	2.0	-	-	N/M
Cash and cash equivalents	433,412	737,592	(41.2)	91,452	271,700	(66.3)
	2,905,581	2,780,906	4.5	368,573	539,869	(31.7)
Assets held for sale	211,571	211,571	-	211,571	211,571	-
	3,117,152	2,992,477	4.2	580,144	751,440	(22.8)
Total assets	3,906,780	3,425,289	14.1	1,372,595	1,373,844	(0.1)
<u>Current liabilities</u>						
Trade payables	278,873	116,651	139.1	-	-	N/M
Other payables and accruals	110,527	112,621	(1.9)	37,202	37,811	(1.6)
Due to customers for construction contracts	1,068,478	937,829	13.9	-	-	N/M
Due to related parties	134,642	169,181	(20.4)	-	-	N/M
Due to a subsidiary	-	-	N/M	1,764	-	N/M
Bank borrowings	49,000	20,000	145.0	-	-	N/M
Notes payable	588,200	347,877	69.1	-	-	N/M
Income tax payable	299	1,660	(82.0)	299	1,660	(82.0)
	2,230,019	1,705,819	30.7	39,265	39,471	(0.5)
<u>Non-current liabilities</u>						
Housing contribution fund	-	600	N/M	-	-	N/M
Deferred tax liabilities	4,569	4,504	1.4	4,569	4,504	1.4
	4,569	5,104	(10.5)	4,569	4,504	1.4
Total liabilities	2,234,588	1,710,923	30.6	43,834	43,975	(0.3)
Net assets	1,672,192	1,714,366	(2.5)	1,328,761	1,329,869	(0.1)
Capital and reserves						
Share capital	1,381,918	1,381,918	-	1,381,918	1,381,918	-
Statutory reserve	59,400	59,400	-	-	-	N/M
Merger reserve	(14,478)	(14,478)	-	-	-	N/M
Foreign currency translation reserve	(46,656)	(48,370)	(3.5)	(46,665)	(48,353)	(3.5)
Accumulated profits/(losses)	292,008	335,896	(13.1)	(6,492)	(3,696)	75.6
Total capital and reserves	1,672,192	1,714,366	(2.5)	1,328,761	1,329,869	(0.1)

N/M – Not meaningful

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

(A) Amount repayable in one year or less, or on demand

As at 30 Sep 2009	
Secured (RMB'000)	Unsecured (RMB'000)
29,000	20,000

As at 31 Dec 2008	
Secured (RMB'000)	Unsecured (RMB'000)
Nil	20,000

(B) Amount repayable after one year

As at 30 Sep 2009	
Secured (RMB'000)	Unsecured (RMB'000)
Nil	Nil

As at 31 Dec 2008	
Secured (RMB'000)	Unsecured (RMB'000)
Nil	Nil

(C) Details of any collaterals

Bank borrowings amounting to RMB29.0 million as at 30 September 2009 was secured by the current assets of a subsidiary.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Unaudited Consolidated Cash Flow Statements for the Third Quarter ended 30 September

	Group	
	1 Jul 09 to 30 Sep 09 (RMB'000)	1 Jul 08 to 30 Sep 08 (RMB'000)
Cash flows from operating activities		
Profit before income tax	1,589	42,062
<u>Adjustments for:</u>		
Allowance for doubtful trade receivables	3,377	-
Allowance for doubtful other receivables	-	237
Write back of allowance for doubtful other receivables	(21)	-
Depreciation of property, plant and equipment	3,187	646
Interest income	(5,150)	(2,723)
Interest expenses	2,695	323
Fair value loss on financial assets at fair value through profit or loss	139	92
Unrealised translation gain	(621)	-
Operating cash flows before movements in working capital	5,195	40,637
<u>Working capital changes:</u>		
Inventories	(63,228)	(91,978)
Due from/to customers for construction contracts	(141,196)	193,162
Trade receivables	-	(3,869)
Other receivables, prepayments and deposits	76,745	70,948
Deposits for notes payable	(50,070)	(51,351)
Pledged fixed deposits	(50,586)	(34,676)
Trade payables	56,882	(26,478)
Other payables and accruals	11,722	10,184
Due to related parties	(34,781)	81,775
Notes payable	108,002	92,972
Cash (used in)/from operations	(81,315)	281,326
Income tax paid	(5,467)	-
Interest paid	(2,695)	(323)
Interest received	5,150	2,723
Net cash (used in)/from operating activities	(84,327)	283,726
Cash flows from investing activities		
Purchase of property, plant and equipment	(153,890)	(180,041)
Assets held for sale	-	(203,980)
Paid-up capital in new subsidiary	-	(61,356)
Effect of foreign currency alignment on investing activities	10,577	(42,438)
Net cash used in investing activities	(143,313)	(487,815)
Cash flows from financing activities		
Proceeds from bank borrowings	49,000	20,000
Repayment of bank borrowings	(20,000)	(5,000)
Net cash from financing activities	29,000	15,000
Net decrease in cash and cash equivalents	(198,640)	(189,089)
Net effect of exchange rate changes on the balance of cash held in in foreign currencies	(96)	(184)
Cash and cash equivalents at beginning of the financial period	632,148	1,108,666
Cash and cash equivalents at end of the financial period	433,412	919,393

Unaudited Consolidated Cash Flow Statements for the Nine Months ended 30 September

	Group	
	1 Jan 09 to 30 Sep 09 (RMB'000)	1 Jan 08 to 30 Sep 08 (RMB'000)
Cash flows from operating activities		
(Loss)/profit before income tax	(42,665)	95,668
<u>Adjustments for:</u>		
Allowance for doubtful trade receivables	3,992	86
Allowance for doubtful other receivables	46	1,481
Depreciation of property, plant and equipment	6,353	3,279
Interest income	(12,314)	(18,790)
Interest expenses	5,973	3,063
Fair value (gain)/loss on financial assets at fair value through profit or loss	(39)	457
Unrealised translation gain	(6,491)	-
Operating cash flows before movements in working capital	(45,145)	85,244
<u>Working capital changes:</u>		
Inventories	(60,250)	(107,992)
Due from/to customers for construction contracts	(41,035)	601,869
Trade receivables	1,300	666
Other receivables, prepayments and deposits	67,162	(221,220)
Deposits for notes payable	(262,323)	42,619
Pledged fixed deposits	(7,063)	(371,317)
Trade payables	162,222	38,660
Other payables and accruals	3,795	(18,872)
Due to related parties	(34,539)	8,097
Notes payable	240,264	22,202
Cash from operations	24,388	79,955
Income tax paid	(7,348)	-
Interest paid	(5,973)	(3,063)
Interest received	12,314	18,790
Net cash from operating activities	23,381	95,682
Cash flows from investing activities		
Purchase of property, plant and equipment	(363,162)	(244,450)
Assets held for sale	-	(203,980)
Paid-up capital in new subsidiary	-	(61,356)
Effect of foreign currency alignment on investing activities	1,707	(49,414)
Net cash used in investing activities	(361,455)	(559,200)
Cash flows from financing activities		
Proceeds from bank borrowings	69,000	100,000
Repayment of bank borrowings	(40,000)	(223,733)
Proceeds from issuance of share capital	-	71,758
Net cash from/(used in) financing activities	29,000	(51,975)
Net decrease in cash and cash equivalents	(309,074)	(515,493)
Net effect of exchange rate changes on the balance of cash held in in foreign currencies	4,894	(198)
Cash and cash equivalents at beginning of the financial period	737,592	1,435,084
Cash and cash equivalents at end of the financial period	433,412	919,393

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

1(d)(i) Unaudited Statement of Changes in Equity for the Third Quarter ended 30 September 2009 and 2008

	Share capital (RMB'000)	Statutory reserve (RMB'000)	Merger reserve (RMB'000)	Foreign currency translation reserve (RMB'000)	Accumulated profits/(losses) (RMB'000)	Total (RMB'000)
The Group						
Balance at 1 July 2009	1,381,918	59,400	(14,478)	(57,240)	290,419	1,660,019
Total comprehensive income for the financial period	-	-	-	10,584	1,589	12,173
Balance at 30 September 2009	1,381,918	59,400	(14,478)	(46,656)	292,008	1,672,192
Balance at 1 July 2008	1,381,918	53,093	(14,478)	(8,797)	346,878	1,758,614
Total comprehensive income/(loss) for the financial period	-	-	-	(42,438)	39,332	(3,106)
Balance at 30 September 2008	1,381,918	53,093	(14,478)	(51,235)	386,210	1,755,508
The Company						
Balance at 1 July 2009	1,381,918	-	-	(57,240)	(5,343)	1,319,335
Total comprehensive income/(loss) for the financial period	-	-	-	10,575	(1,149)	9,426
Balance at 30 September 2009	1,381,918	-	-	(46,665)	(6,492)	1,328,761
Balance at 1 July 2008	1,381,918	-	-	(8,797)	1,128	1,374,249
Total comprehensive income/(loss) for the financial period	-	-	-	(42,423)	1,631	(40,792)
Balance at 30 September 2008	1,381,918	-	-	(51,220)	2,759	1,333,457

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 of shares held as treasury shares, if any, against the total number of issued 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 previous period of the immediately preceding financial year.

Details of the changes in the issued and paid-up share capital of our Company since incorporation and up to 30 September 2009 are set out below:

Date	Purpose	Number of shares	Issued & paid-up share capital (S\$)
4 April 2006	At incorporation	2	2
6 December 2007	Allotment and issue of shares to JES Overseas, Asiaworld and Tong Chi Ho	686,658	1
		686,660	3
6 December 2007	Subdivision of shares	686,660,000	3
7 December 2007	Issue of Conversion Shares to the Pre-IPO Investors pursuant to the Conversion of the Convertible Bonds	84,259,000	24,000,000
19 December 2007	Issue of New Shares pursuant to the Offering	373,135,000	234,656,876
		1,144,054,000	258,656,879
9 January 2008	Issue of additional shares pursuant to the Overallotment Exercise	21,974,000	14,171,219
31 December 2008		1,166,028,000	272,828,098
30 September 2009		1,166,028,000	272,828,098

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.

As at 30 September 2009, the share capital of the Company comprised of 1,166,028,000 ordinary shares (31 Dec 2008: 1,166,028,000 ordinary shares).

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 reported on.

The Company does not have any treasury shares.

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

The financial position as at 30 September 2009 and the results and cash flows for the nine months ended 30 September 2009 presented in this announcement have not been audited nor reviewed by our auditors.

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

Not applicable

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

Except as disclosed in Note 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2008.

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.

The Group and the Company adopted all the new and revised Singapore Financial Reporting Standards (FRSs) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2009.

The following are the new/revised FRSs that are relevant to the Group and the Company:

FRS 1 - Presentation of Financial Statements (Revised)
 FRS 27 - Consolidated and Separate Financial Statements
 FRS 33 - Earnings per Share (Consequential Amendments arising from FRS 108)
 FRS 107 - Financial Instruments: Disclosures (Improving Disclosures about Financial Instruments)
 FRS 108 - Operating Segments

The adoption of the above new/revised FRSs and amendments arising from improvements to FRSs does not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for FRS 1 (Revised). FRS 1 (Revised) changes the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

<u>The Group</u>	<u>1 Jul 2009 to 30 Sep 2009</u>	<u>1 Jul 2008 to 30 Sep 2008</u>
Earnings per ordinary share after deducting any provision for preference dividends		
a) Based on the weighted average number of ordinary shares on issue (RMB cents)	0.14	3.37
Weighted average number of ordinary shares	1,166,028,000	1,166,028,000
b) On a fully diluted basis (RMB cents)	0.14	3.37
Adjusted weighted average number of ordinary shares	1,166,028,000	1,166,028,000

Earnings per ordinary share is calculated by dividing the profit attributable to the equity holders of the Company over the weighted average number of ordinary shares in issue during the financial period.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2009</u>	<u>31 Dec 2008</u>	<u>30 Sep 2009</u>	<u>31 Dec 2008</u>
Net asset value per share based on issued share capital at the end of financial period (RMB cents)	143.41	147.03	113.96	114.05
Number of ordinary shares issued as at end of financial period	1,166,028,000	1,166,028,000	1,166,028,000	1,166,028,000

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 financial period reported on.

The Group	1 Jul 09 to 30 Sep 09		1 Jul 08 to 30 Sep 08	
	(RMB'000)	(%)	(RMB'000)	(%)
<u>Contract revenue by vessel type:</u>				
Bulk carriers	247,783	82.6	350,447	84.7
Containerships	-	-	63,250	15.3
Oil Tankers	45,089	15.0	-	-
Ocean engineering vessel	7,094	2.4	-	-
Total revenue	299,966	100.0	413,697	100.0
<u>Contract revenue by geographical region:</u>				
Europe	83,896	28.0	330,479	79.9
Canada	4,298	1.4	19,968	4.8
Asia:				
PRC	7,095	2.4	-	-
Other Asian Countries	204,677	68.2	63,250	15.3
Total revenue	299,966	100.0	413,697	100.0

Revenue and Gross Margin

Revenue decreased 27.5% from RMB413.7 million to RMB300.0 million compared to the same financial quarter last year, mainly due to slower production progress and some delays in vessel deliveries. In Q3 FY2009, 82.6% of our revenue was derived from bulk carriers compared to 84.7% in Q3 FY2008. In the nine months ended 30 September 2009, we have delivered one 30,000 dwt, one 37,500 dwt, one 53,800 dwt and one 80,300 dwt bulk carriers and continue to build mainly the 79,800 dwt and 37,500 dwt bulk carriers and the 85,000 ltdw oil tankers.

Revenue was mainly derived from Asian customers in Q3 FY2009, making up 68.2% compared to 15.3% in Q3 FY2008. This was mainly due to the South Korean and Indonesian customers whom we were building the 79,800 dwt bulk carriers and the 85,000 ltdw oil tankers respectively. European customers were mainly from Greece and Croatia whom we were building the 37,500 dwt bulk carriers.

Gross margin decreased to 9.6% in Q3 FY2009 from 18.4% in Q3 FY2008 mainly due to the increased costs of production resulting from some delays in vessel deliveries. Consequently, gross profit decreased by 62.2% to RMB28.7 million in Q3 FY2009 from RMB76.0 million in Q3 FY2008.

Other Operating Income and Other Operating Expenses

Other operating income increased in Q3 FY2009 mainly due to the higher interest income earned from the higher deposits for notes payable placed with financial institutions.

Other operating expenses decreased from RMB18.7 million to RMB8.6 million in Q3 FY2009 due mainly to the decrease in net foreign exchange losses from RMB18.6 million to RMB8.6 million. The higher exchange losses from Q3 FY2008 was resulted from contracted revenue received on percentage-of-completion recognition basis being converted at a lower amount in RMB due to the weakening of the US Dollar.

Selling and Distribution Expenses

Selling and distribution expenses mainly included commission to shipbrokers which was dependent on the timing of instalments received from customers. In Q3 FY2009, the commission paid was lower as there was lesser milestones completed in that period.

Administrative Expenses

In Q3 FY2009, administrative expenses increased as we had provided for an allowance for doubtful trade debt of RMB3.4m.

Profit from Operations

Lower profit from operations in the current period was mainly due to the lower gross profit as explained above.

Finance Costs

Higher finance costs in Q3 FY2009 was mainly due to the increase in interest expense and bank charges incurred resulting from higher bank loan and utilisation of bank facilities.

Income Tax Expense

Income tax expense was not provided in Q3 FY2009 as we have made a loss for the 9 months period ended 30 September 2009.

Non-current Assets

The increase in property, plant and equipment was mainly due to new equipments purchased and the continuing construction-in-progress costs incurred for the new yard funded by the IPO proceeds. Depreciation expense for the current period increased as a result, but depreciation for the construction-in-progress will only commence when the new yard is available for use.

The Company increased the investment in its wholly-owned subsidiary, Jiangsu New Eastern Marine Engineering Equipment Co., Ltd by USD24.6 million, and two newly setup wholly-owned subsidiaries in Singapore and Hong Kong by RMB2.2 million.

Current Assets

Inventories increased as more projects production were in progress and amount due from customers for construction contracts increased as a result of slower receipts from customers for work performed during the period. Higher deposits for notes payable were placed for more purchase orders of equipment and materials to be used for vessel constructions. The increases in inventories, amount due from customers for construction contracts and deposits for notes payable resulted in a net cashflow used in operating activities of RMB84.3 million for the 3 months period ended 30 September 2009.

Pledged fixed deposits were mainly used to secure refund guarantees provided to customers and issuance of letter of credits. Cash and cash equivalents decreased as the IPO funds continue to be used for the new yard construction.

Assets held for sale refers to an investment in a related company that holds the land use rights to the new yard. There is intention to dispose off the investment once the land use rights has been transferred to our Group.

Current Liabilities

Trade payables and notes payable increased as there were more payables for equipments and materials as at 30 September 2009 which resulted from the larger number of vessels in construction. Amounts due to customers for construction contracts increased as there were more advances received from customers for shipbuilding contracts that were effective but of which production has not commenced.

Due to related parties decreased as there were some repayments made to related parties during the period. There was an additional bank loan of RMB29.0 million from a PRC bank during the current period. Income tax payable reduced as we made a loss for the 9 months period ended 30 September 2009 and repayment for earlier provision has been made during the period.

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

The Group did not make any forecast or prospect statement previously disclosed to shareholders for the period under review.

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 PRC shipbuilding industry, the second largest in the world in terms of tonnage and vessels built, continues to face near-term challenges due to weaknesses in the global financial markets and volatility in the key global shipping indexes. Based on statistics released by the PRC Ministry of Industry and Information Technology, new orders for the ship building industry in the first seven months of the year 2009 declined 78% to 7.87 million DWT. While performance may not show any immediate rebound as ship owners continue to be cautious about committing to new orders in the near term, the Group remains confident about the long-term prospects of the shipping industry.

In particular, the PRC state council had in February 2009 instituted various stimulative initiatives targeted at helping Chinese shipbuilders recover from the effects of the economic downturn. Underscoring the initiatives promulgated, the state council had also expressed the intention to develop China's shipbuilding industry into the global leader by 2015. Following significant infusions of liquidity by various Governments, there have been signs of economic recovery recently, as has been widely reported in the media. The Group continues to pursue shipbuilding opportunities in various geographies.

Construction works on two units of higher-priced 85,000 LTDW oil tankers continue to be on-track with expected delivery in the year 2011. We have also commenced the construction of the 3rd unit of the 85,000 LTDW oil tanker in October 2009.

Despite operating in a challenging market environment, the Group will continue to maintain its positive cash position and prudent financial policy to ensure the sustainable development of the Group. As at 30 September 2009, the Group had cash and cash equivalents of RMB433.4 million (approximately S\$89.9 million), with short term borrowings of RMB49.0 million and no long term borrowings.

In line with its longer-term growth strategies, the Group had undertaken the following initiatives:

Business Development

In 1Q 2009, the Group announced that it had set up sales and marketing offices in Hong Kong and Singapore. These new offices will augment JES' sales and marketing efforts beyond the PRC and will also keep the Group abreast of any latest developments in the shipbuilding industry.

Cost Containment Measures

The Group continues to vigorously pursue cost-management initiatives including bulk buying of raw materials such as steel.

New Facilities

The scheduled completion of the new steel structure workshop had been delayed by issues relating to the relocation of some farm houses. We have since managed to resolve these issues. The drydock is expected to be operational by early FY2010.

11 Dividend

(a) Current Financial Period

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) The date the Dividend is payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for Q3 FY2009.

13 **Summary of Interested Person Transactions**

	Group		Company	
	1 Jul 2009 to 30 Sep 2009	1 Jul 2008 to 30 Sep 2008	1 Jul 2009 to 30 Sep 2009	1 Jul 2008 to 30 Sep 2008
With related parties				
Rental paid to a related party	(3,300)	(3,300)	-	-
Processing service fee from/(to) a related party	(5,909)	67,159	-	-
With a subsidiary				
Interest income from a subsidiary	-	-	819	-
Payments on behalf for a subsidiary	-	-	838	-

14 **Update on utilisation of IPO Proceeds**

As at the date of this announcement, the net proceeds from the Company's initial public offering has been utilised as follows:

Use of proceeds	Amount Allocated SGD'000	Amount Utilised SGD'000	Balance SGD'000
Financing construction of the new yard [^]	148,162	110,887	37,275
Repayment of a loan from ABN AMRO Bank (China) Co., Ltd., Shanghai Branch in the principal amount of RMB130.0 million*	25,425	25,425	-
Working capital	57,868	35,401	22,467
General corporate purposes	14,853	-	14,853
	[^] 246,308	171,713	74,595

* Amount has been repaid on 19 February 2008.

[^] Total net proceeds included S\$14.17 million from the exercise of the Over-allotment Option which has been allocated for financing construction of the new yard.

15. **Confirmation of the Board**

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 9 months ended 30 September 2009 to be false or misleading in any material aspect.

ABN AMRO Rothschild (being the unincorporated equity capital markets joint venture between ABN AMRO Bank N.V., Singapore Branch, and N M Rothschild & Sons (Singapore) Limited, each trading as ABN AMRO Rothschild) acted as the Global Co-ordinator, Bookrunner, Issue Manager and Underwriter in respect of the initial public offering of ordinary shares in the capital of the Company.

This announcement has been prepared and released by the Company. Neither ABN AMRO Bank N.V., Singapore Branch nor N M Rothschild & Sons (Singapore) Limited is required to and has not been involved in the preparation or release of this announcement and has not verified the accuracy, completeness or adequacy of the information contained herein. Accordingly, no representation, warranty, covenant or recommendation, express or implied, is made by ABN AMRO Bank N.V., Singapore Branch or N M Rothschild & Sons (Singapore) Limited or any of their respective affiliates (including any subsidiaries and/or holding companies thereof), branches, joint venture partners or any of its or their directors, officers, employees, agents or representatives as to the accuracy, completeness or adequacy of the information contained in this announcement, and nothing contained in this announcement is, or shall be relied upon as, a promise, representation, covenant or recommendation by ABN AMRO Bank N.V., Singapore Branch, N M Rothschild & Sons (Singapore) Limited or any of their respective affiliates (including any subsidiaries and/or holding companies thereof), branches, joint venture partners or any of its or their directors, officers, employees, agents or representatives.

Neither ABN AMRO Bank N.V., Singapore Branch nor N M Rothschild & Sons (Singapore) Limited accepts any responsibility for, and disclaims any liability with respect to, the accuracy, completeness or adequacy of the information contained in this announcement or incorporated by reference herein.

BY ORDER OF THE BOARD

Jin Xin
Chairman and Chief Executive Officer

6 November 2009