

Joyas International Holdings Limited

(Incorporated in Bermuda)
(Company Registration Number 38991)

PROPOSED PLACEMENT EXERCISE – ENTRY INTO PLACEMENT AGREEMENT

1. Introduction

- 1.1 The Board of Directors (the “**Board**”) of Joyas International Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 11 September 2020 entered into a conditional placement agreement (the “**Placement Agreement**”) with Cloud Network Holdings Limited (the “**Subscriber**”) and Long Zhenhua (“**Mr Long**”) in relation to, *inter alia*, a proposed allotment and issue of an aggregate of 300,000,000 new ordinary shares in the share capital of the Company (the “**Subscription Shares**”) to the Subscriber at a subscription price of S\$0.003 per Subscription Share (the “**Proposed Placement Exercise**”).

2. Information on the Subscriber

The information on the Subscriber provided below was provided to the Company by the Subscriber. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board’s responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

2.1 Introducer

Mr Long was introduced by Ong Chor Wei @ Alan Ong, the Non-Executive Deputy Chairman and a Non-Executive Director of the Company, who is a business acquaintance of Mr Long (the “**Introducer**”). No commission is payable to the Introducer in connection with the Proposed Placement Exercise.

2.2 Corporate Information on the Subscriber

The Subscriber, Cloud Network Holdings Limited (Company Registration Number 2740359), is a private company incorporated in Hong Kong on 15 January 2018 and has an issued and paid-up share capital of HK\$5,000,000 comprising 5,000,000 ordinary shares as at the date of this announcement. The Subscriber is an investment holding company. The Subscriber’s related group companies are principally engaged in the sale and development of software, and the provision of technical know-how for software and internet-related businesses.

Mr Long indirectly holds 5,000,000 ordinary shares in the share capital of the Subscriber, representing the entire issued and paid-up share capital of the Subscriber, through various intermediary entities as at the date of this announcement. Mr Long is also the sole director of the Subscriber.

Mr Long is a Chinese National and has held various management positions in information technology businesses since 2014. Mr Long also holds a degree in geology and mineral exploration from the China University of Geosciences.

Mr Long is subscribing for the Subscription Shares through the Subscriber for investment purposes.

2.3 Representations from the Subscriber and Mr Long

The Subscriber and Mr Long have represented that:

- (a) The Subscriber is not formed primarily for the purpose of acquiring the Subscription Shares which are subject of the Proposed Placement Exercise.
- (b) The Subscriber is not acquiring the Subscription Shares as trustee to beneficiaries of a trust nor is the Subscriber acting on behalf of another person (whether as an agent or otherwise) in connection with its acquisition of the Subscription Shares.
- (c) The Subscriber is subscribing for the Subscription Shares for investment purposes and not subscribing for the Subscription Shares with a view to subsequently offer the Subscription Shares for sale to another person, other than in reliance on an exemption under the Securities and Futures Act, Cap. 289 of Singapore (the “SFA”).
- (d) The Subscriber will do all acts and things as may be required in order to comply with Section 272B of the SFA.
- (e) The Subscriber and Mr Long, together with persons acting in concert with them, do not hold any shares which carry voting rights of the Company.
- (f) The Subscriber and Mr Long will not, as a result of the allotment and issue of the Subscription Shares to the Subscriber, acquire shares which (taken together with shares held or acquired by persons acting in concert with them) carry 30% or more of the voting rights of the Company.
- (g) The Subscriber and Mr Long will not, as a result of the allotment and issue of the Subscription Shares to the Subscriber, acquire controlling interest under the Catalist Rules.

- (h) The Subscriber and Mr Long are not (i) the Company's directors and substantial shareholders; (ii) immediate family members of the directors and substantial shareholders; (iii) substantial shareholders, related companies (as defined in Section 6 of the Companies Act, Cap. 50 of Singapore), associated companies and sister companies of the Company's substantial shareholders; (iv) corporations in whose shares the Company's directors and substantial shareholders have an aggregate interest of at least 10%; and (v) any person who, in the opinion of the SGX-ST, falls within (i) to (iv).
- (i) The Subscriber, its sole director, Mr Long, and its sole shareholder have no connections (including business relationships) with the Company, its directors and substantial shareholders.
- (j) Mr Long has no connections (including business relationships) with the Company, its directors and substantial shareholders.

3. Rationale for the Proposed Placement Exercise

- 3.1 The Proposed Placement Exercise is in line with the plans disclosed in the announcement made by the Company on 22 April 2020. The Group has been incurring losses since FY2015 and based on the latest unaudited consolidated financial statements of the Group for the 6 months ended 30 June 2020, the equity attributable to shareholders of the Company is approximately HK\$8.5 million.
- 3.2 The Board believes that by raising S\$900,000 (before deducting costs and expenses incurred or to be incurred in connection with the Proposed Placement Exercise) equivalent to approximately HK\$5.1 million based on an exchange rate of S\$1.00 : HK\$5.67¹, the Proposed Placement Exercise will increase the equity attributable to shareholders of the Company and strengthen the Group's financial position. In addition, the Board believes that the Proposed Placement Exercise will also allow the Group to increase its capital base and, in turn, will allow the Group to expand the loan portfolio of the Group's financing business. Accordingly, the Board is of the view that the Proposed Placement Exercise benefits, and is in the best interests of, the Company and its shareholders.

4. The Proposed Placement Exercise

4.1 Overview

The Proposed Placement Exercise is undertaken pursuant to Section 272B of the SFA. Accordingly, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement Exercise.

No lead manager, co-manager, placement agent or underwriter has been appointed and no commission is payable to any lead manager, co-manager, placement agent or underwriter in connection with the Proposed Placement Exercise.

¹ The exchange rate has been computed with reference to the exchange rate quoted from Bloomberg L.P. on 10 September 2020. Bloomberg L.P. has not consented to the inclusion of the said information in this announcement.

The Proposed Placement Exercise will not result in a transfer of controlling interest in the Company and there is no share borrowing arrangement (i.e. an arrangement where the Company borrows shares from its substantial shareholder to facilitate the allotment and issue of the Subscription Shares) in place pursuant to Catalist Rule 813 in connection with the Proposed Placement Exercise.

The Subscription Shares will not be placed to (a) any person who is a director or a substantial shareholder of the Company; and (b) any other person in the categories set out in Catalist Rule 812(1), unless the placement of Subscription Shares to such person is otherwise agreed to by the SGX-ST.

4.2 Key Terms of the Proposed Placement Exercise

Number of Subscription Shares : 300,000,000 Subscription Shares

300,000,000 Subscription Shares represents:

- (a) approximately 15.68% of existing total issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings) comprising 1,913,776,973 ordinary shares;
- (b) approximately 13.55% of the enlarged total issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings) comprising 2,213,776,973 ordinary shares after completion of the Proposed Placement Exercise; and
- (c) approximately 13.20% of the enlarged total issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings) comprising 2,272,701,388 ordinary shares after completion of the Proposed Placement Exercise, assuming that all 18,173,980 warrants issued on 23 February 2015 and all 8,750,435 additional warrants issued on 18 July 2016 pursuant to the adjustment event (collectively, the “Warrants”) outstanding as at the date of this announcement and all 32,000,000 share options granted under the Joyas Share Option Scheme which are outstanding as at the date of this announcement are fully exercised.

Subscription Price : S\$0.003

The subscription price of S\$0.003 per Subscription Share represents a premium of 50% to the weighted average price of S\$0.0020 for trades done on the SGX-ST for the full market day on 9 September 2020, being the last market day on which the shares of the Company were traded prior to the signing of the Placement Agreement on 11 September 2020.

The aggregate subscription amount to be paid by the Subscriber for the 300,000,000 Subscription Shares is S\$900,000. The aggregate subscription price for the 300,000,000 Subscription Shares was arrived at arm's length and on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the following:

- (a) the issue price of S\$0.0035 for each rights share during the non-renounceable non-underwritten rights issue undertaken by the Company in 2016; and
- (b) the weighted average price of S\$0.0020 for trades done on the SGX-ST on 9 September 2020, being the last market day on which the shares of the Company were traded prior to the signing of the Placement Agreement on 11 September 2020.

Authority to Allot and Issue the Subscription Shares : The Subscription Shares will be allotted and issued under the general mandate granted by shareholders of the Company at the annual general meeting of the Company held on 26 June 2020 (the "**General Mandate**") authorising directors of the Company to, *inter alia*, allot and issue new ordinary shares in the share capital of the Company (other than on a *pro rata* basis) not exceeding 50% of the total number of issued and paid-up ordinary shares in the share capital of the Company (excluding treasury shares and subsidiary holdings) at the time the resolution relating to the General Mandate was passed.

The total number of issued and paid-up ordinary shares in the share capital of the Company (excluding treasury shares and subsidiary holdings) on 26 June 2020 was 1,913,776,973 ordinary shares. Accordingly, the Board is authorised to allot and issue up to 956,888,486 new ordinary shares in the share capital of the Company.

The Company has not allotted and issued any new ordinary shares in the share capital of the Company under the General Mandate as at the date of this announcement. Therefore, the Proposed Placement Exercise is within the limits of the General Mandate, and the Board will be allotting and issuing the Subscription Shares under the General Mandate and not seeking approval of shareholders of the Company in a special general meeting for the allotment and issue of the Subscription Shares.

4.3 Intended Use of Net Proceeds

The gross proceeds from the Proposed Placement Exercise of S\$900,000 less the cost and expenses incurred or to be incurred in connection with the Proposed Placement Exercise of approximately S\$35,000 amounts to approximately S\$865,000 (the “**Net Proceeds**”). The Company intends to use the Net Proceeds to be raised by the Company from the Proposed Placement Exercise as follows:

Intended Use of Net Proceeds	Allocation of Net Proceeds	
	(S\$)	(%)
Expansion of Loan Portfolio of the Group’s Financing Business	778,500	90%
General Working Capital	86,500	10%
Total	865,000	100%

Shareholders should note that the table above represents reasonable estimates of the allocation of the Net Proceeds to be raised by the Company from the Proposed Placement Exercise based on its current plans and reasonable estimates regarding its anticipated expenditures. Actual expenditures may vary from these estimates and the Company may find it necessary or advisable to reallocate the Net Proceeds within the intended uses described above or to use portions of the Net Proceeds for other purposes. In the event that any part of the Company’s intended uses described above does not materialise or proceed, and the Net Proceeds allocated is not used, directors of the Company will carefully evaluate the situation and may reallocate such funds to other purposes and/or hold such funds on short-term deposits for so long as directors of the Company deem it to be in the interests of the Company and its shareholders, taken as a whole. Where there is any material deviation of the Net Proceeds from the Company’s intended uses described above, the Company will announce the reasons for such deviation on the SGX-ST’s website at <http://www.sgx.com>.

The Company will make immediate announcements on the use of the Net Proceeds from the Proposed Placement Exercise as and when the funds are materially disbursed and whether such use is in accordance with the Company’s intended uses described above and in accordance with the Company’s estimated allocation described above. Where Net Proceeds from the Proposed Placement Exercise are used for general working capital purposes, the Company will disclose a breakdown with specific details on the use of the Net Proceeds from the Proposed Placement Exercise for general working capital purposes. The Company will provide a status report on the use of the Net Proceeds from the Proposed Placement Exercise in the Company’s interim and full year financial statements and annual reports. Pending the deployment of the Net Proceeds from the Proposed Placement Exercise, the funds will be placed in short-term deposits and/or used to invest in short-term money market instruments as directors of the Company may, in their absolute discretion, deem appropriate.

No monies were raised by the Company from issues of securities in the past 2 years preceding the date of this announcement.

4.4 Listing and Quotation Notice

The Proposed Placement Exercise is conditional upon, *inter alia*, the Company obtaining the listing and quotation notice from the SGX-ST for the listing and quotation of the Subscription Shares.

The Company will be making an application to the SGX-ST through its sponsor, PrimePartners Corporate Finance Pte. Ltd., for the listing and quotation of the 300,000,000 Subscription Shares on the Catalist Board of the SGX-ST and will make the necessary announcement upon receipt of the listing and quotation notice in respect of the 300,000,000 Subscription Shares from the SGX-ST.

4.5 No Adjustments to Warrants and Share Options

Based on the deed poll dated 15 January 2015 constituting the Warrants, no adjustments will be required to be made to the 26,924,415 Warrants outstanding as at the date of this announcement.

Based on the rules of the Joyas Share Option Scheme adopted at a special general meeting of the Company held on 21 December 2007, no adjustments will be required to be made to the 32,000,000 share options granted under the Joyas Share Option Scheme which are outstanding as at the date of this announcement.

5. **The Placement Agreement**

5.1 Status of the Subscription Shares

The Subscription Shares when allotted and issued (a) will be free from encumbrances, (b) shall rank *pari passu* in all respects with all other existing ordinary shares in the share capital of the Company, save for any dividends, rights and other distributions the record date for which falls on or before the date of the allotment and issue of the Subscription Shares, and (c) will be subject to the moratorium set out in **paragraph 5.5** below.

5.2 Completion Date

“**Completion Date**” means the date falling 14 business days after the fulfilment or waiver (if capable of waiver) of all the conditions precedent set out in **paragraph 5.3** below (other than conditions precedent to be fulfilled on the completion date), or such other date as the parties may agree in writing.

5.3 Conditions Precedent

The obligations of the parties under the Placement Agreement are conditional upon, and completion shall not take place until, all the following conditions precedent have been fulfilled (save for conditions precedent to be fulfilled or waived (if capable of waiver) on the Completion Date):

- (a) the Company obtaining such approval(s) from its board of directors in connection with the Placement Agreement and the transactions contemplated therein as may be necessary, including but not limited to:
 - (i) the allotment and issue of the Subscription Shares to the Subscriber;
 - (ii) the issue of new share certificate(s) in respect of the Subscription Shares to be allotted and issued to the Subscriber; and
 - (iii) the lodgement of the required statutory returns with the relevant regulatory authority,and such approval(s) not having been amended or revoked before the Completion Date;
- (b) the Subscriber obtaining such approval(s) from its board of directors and shareholders in connection with the Placement Agreement and the transactions contemplated therein as may be necessary, and such approval(s) not having been amended or revoked before the Completion Date;
- (c) the General Mandate remaining in force and not having been amended or revoked before the Completion Date;
- (d) the Company obtaining the listing and quotation notice from the SGX-ST for the listing and quotation of the Subscription Shares, and the listing and quotation notice not having been amended or revoked before the Completion Date, and if the listing and quotation notice is subject to conditions, such conditions being fulfilled on or before the Completion Date;
- (e) the Subscriber and Mr Long complying with the applicable requirements under the Companies Act 1981 of Bermuda, the SFA, the Singapore Code on Take-overs and Mergers, the Catalyst Rules and applicable laws (to the extent that such laws relates to or affects the subscription);
- (f) there is no breach by the Subscriber or Mr Long of their representations, warranties and undertakings contained in the Placement Agreement;
- (g) each of the representations, warranties and undertakings remaining true and accurate in all material respects as at the Completion Date (by reference to the facts and circumstances then subsisting) with the same force and effect as if repeated on the Completion Date; and
- (h) all necessary consents, approvals and waivers where required for the transactions contemplated under the Placement Agreement (including third party, governmental and regulatory consents, approvals and waivers) having been obtained by the parties, and such consents, approvals and waivers not having been amended or revoked before the Completion Date, and if any such consents, approvals or waivers are subject to conditions, such conditions being fulfilled on or before the Completion Date.

5.4 Long Stop Date

If any of the conditions precedent set out in **paragraph 5.3** above is not fulfilled within 3 months from the date of the Placement Agreement and such non-fulfilment is not waived by the other party(ies), the Placement Agreement shall *ipso facto* cease and determine.

5.5 Moratorium

The Subscriber has undertaken not to, *inter alia*, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of, any of the 300,000,000 Subscription Shares for a period commencing from the Completion Date until the date falling 12 months from the Completion Date (both dates inclusive).

Mr Long has undertaken not to, *inter alia*, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of, any of the 5,000,000 ordinary shares in the share capital of the Subscriber indirectly held by him through various intermediary entities (the “**Relevant Subscriber Shares**”) or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Relevant Subscriber Shares for a period commencing from the Completion Date until the date falling 12 months from the Completion Date (both dates inclusive).

5.6 Indemnity

Each of the Subscriber and Mr Long has agreed to indemnify, defend and hold harmless the Company (and its directors, officers, employees, agents, representatives, affiliates, successors and assigns) from and against all losses, liabilities, damages, deficiencies, demands, claims, actions, judgments or causes of action, assessments, costs or expenses (including, without limitation, interest, penalties and surcharges, whether arising out of taxation or otherwise, and reasonable legal fees and disbursements) based upon, arising out of or otherwise in respect of:

- (a) any non-compliance by the Subscriber or Mr Long with the applicable requirements under the Companies Act 1981 of Bermuda, the SFA, the Singapore Code on Take-overs and Mergers, the Catalist Rules and applicable laws (to the extent that such laws relates to or affects the subscription); and
- (b) any breach by the Subscriber or Mr Long of their representations, warranties and undertakings contained in the Placement Agreement.

6. Financial Effects

- 6.1 The financial effects of the Proposed Placement Exercise on the net tangible assets (“NTA”) per ordinary share in the share capital of the Company (“Share”) and the loss per Share (“LPS”) of the Group have been prepared based on the published consolidated financial statements of the Group for FY2019.
- 6.2 For the purpose of illustrating the financial effects of the Proposed Placement Exercise, the financial effects have been prepared based on, *inter alia*, the following assumptions:
- (a) the financial effects on the NTA per Share of the Group are computed assuming that the Proposed Placement Exercise was completed on 31 December 2019;
 - (b) the financial effects on the LPS of the Group are computed assuming that the Proposed Placement Exercise was completed on 1 January 2019; and
 - (c) the cost and expenses incurred or to be incurred in connection with the Proposed Placement Exercise of approximately S\$35,000.
- 6.3 Financial Effects on the NTA per Share of the Group

	Before Completion of the Proposed Placement Exercise	After completion of the Proposed Placement Exercise
NTA (HK\$'000)	9,449 ⁽¹⁾	14,362 ⁽¹⁾
Number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings (‘000)	1,913,777	2,213,777
NTA per Share (HK cents)	0.49	0.65

Note:

- (1) Based on the published financial statements of the Group for FY2019. The Net Proceeds from the Proposed Placement Exercise of approximately S\$865,000 is equivalent to approximately HK\$4.9 million based on an exchange rate of S\$1.00 : HK\$5.67¹.

6.4 Financial Effects on the LPS of the Group

	Before Completion of the Proposed Placement Exercise	After completion of the Proposed Placement Exercise
Net Loss for FY2019 (HK\$'000)	27,184 ⁽¹⁾	27,184 ⁽¹⁾
Weighted average number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings (‘000)	1,913,777	2,213,777
LPS (HK cents)	1.42	1.23

Note:

(1) Based on the published financial statements of the Group for FY2019. The cost and expenses incurred or to be incurred in connection with the Proposed Placement Exercise of approximately S\$35,000 equivalent to approximately HK\$0.2 million based on an exchange rate of S\$1.00 : HK\$5.67¹ will be deducted against the share premium of the Company and will not have an impact on the consolidated statement of profit and loss and other comprehensive income of the Group.

6.5 The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group. No representation is made as to the actual future results and/or financial position of the Company and/or the Group.

7. Interests of Directors and Substantial Shareholders

7.1 None of the directors and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement Exercise, other than through their respective shareholdings in the Company, if any.

7.2 The Subscriber, its sole director, Mr Long, and its sole shareholder have no connections (including business relationships) with the Company, its directors and substantial shareholders.

7.3 Mr Long has no connections (including business relationships) with the Company, its directors and substantial shareholders.

8. Confirmation by the Board

8.1 The Board confirms that:

- (a) After taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the foregoing, the Company has decided to undertake the Proposed Placement Exercise for the reasons set out in **Section 3** of this announcement; and
- (b) After taking into consideration the Group's present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

9. Directors Responsibility Statement

9.1 The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement Exercise, the Company and its subsidiaries, and the directors of the Company are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. Documents Available for Inspection

10.1 A copy of the Placement Agreement may be inspected at the Company's correspondence address in Singapore at 35 Selegie Road #10-25 Singapore 188307 during normal business hours for 3 months from the date of this announcement.

11. Cautionary Statement

11.1 Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Placement Exercise will be completed.

11.2 Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. 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.

By Order of the Board
Joyas International Holdings Limited

Lau Chor Beng, Peter
Managing Director and Executive Director

11 September 2020

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay #10-00 Income at Raffles Singapore 049318, sponsorship@ppcf.com.sg.