JOYAS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda on 4 October 2006 with limited liability)
(Bermuda Company Registration Number 38991)

JOINT AUDITORS' OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Unless otherwise defined, capitalised terms herein shall have the same meaning as ascribed to them in the Company's announcement dated 1 March 2017 in relation to its unaudited financial result for the financial year ended 31 December 2016 and the Company's announcement dated 26 April 2017 in relation to the grant of extension of time to hold annual general meeting.

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, 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 independent joint auditors of the Company, HLB Hodgson Impey Chang Limited and Foo Kon Tan LLP, have issued a disclaimer of opinion in the independent joint auditors' report ("**Independent Joint Auditors' Report**") in respect of the Company's consolidated financial statements for the financial year ended 31 December 2016 ("**FY2016**") (the "**Published Financial Statements**").

The Independent Joint Auditors' Report is appended to this announcement together with the relevant Notes to the Published Financial Statements. The Board wishes to provide their comments and views in relation to certain matters raised in the Independent Joint Auditors' Report:

1) Consolidation of controlled entities

As announced on 1 March 2017, the Board decided to consolidate the controlled entities in connection with the audit for the FY2016. However, certain prior year financial statements, accounting records and related supporting documents of the controlled entities were not readily available for audit.

These controlled entities are suppliers to the Group's jewellery and metal gifts business which the Group is proposing to dispose as announced on 25 May 2017 (the "**Proposed Disposal**"). Following the completion of the Proposed Disposal, the Board expects this issue to be resolved in subsequent financial years.

2) Control over entities

The matters raised by the independent joint auditors in this section came to the attention of the Independent Directors ("**IDs**") and Non-executive Directors ("**NEDs**") only during the course of the FY2016 audit. The IDs and NEDs have sought explanations on these matters from the Chairman cum Managing Director of the Company:

a) Entity A was the purchaser of the Group's former subsidiary, Entity B. Subsequent to the purchase of Entity B by Entity A, Entity B became a wholly-owned subsidiary of Entity A. The Board understands from the Chairman cum Managing Director of the Company that his beneficial ownership in Entity A for one day in January 2017 was to facilitate the disposal of shares of Entity A to an independent third party and that he has never been a director or involved in management in Entity A.

   In view of the above, the Board has taken a view that the Group does not have control over Entity A or B.

b) There were no transactions between the Group and Entity B, which is an investment holding company. There were payments on behalf of or repayment or advance to a subsidiary of Entity B (a supplier which the Company has deemed control and whose financial statements have been consolidated into the Group for FY2016 as disclosed in Note 2(b) to the financial statements) booked through the Group's account with Entity B.

Entity C is a customer of the Group that is legally and beneficially owned by independent third parties. The shareholders of Entity C recruited a number of employees of the Company's former subsidiary, including a sibling of the Chairman cum Managing Director of the Company in late 2012 who acts as its general manager.

The Board is of the view that there is no evidence to suggest the Group has control over Entity C on the basis, *inter alia*, that:

i) Entity C's shareholders and directors are independent, unrelated third parties;

ii) The Group does not provide financing for Entity C's operations; and

iii) Management has assured the Board that it has no involvement in the operations or management of Entity C and the Board is not aware of any such involvement.

3) Valuation of non-financial assets

The Board has reviewed management's assessment of the valuations and believes that the non-financial assets of the Group are not materially misstated for the following reasons:

a) For the purpose of assessment the valuation of goodwill, management used cash flow projection derived from actual losses in FY2016 instead of projections based on business plans for the foreseeable future as management believe it is unrealistic to project future sales and shipments for the nickel trading segment in view of the current uncertainty in the industry. Based on the assessment, management had decided to fully impair the goodwill amount of HK$652,000, an amount which the Board considers is immaterial to the Group.

b) Included in the property, plant and equipment of HK$8.6 million was leasehold land building and leasehold improvements amounting to HK$5.7 million. As disclosed in Note 4 to the Published Financial Statements, the current market value of the leasehold land is estimated at approximately HK$18 million supported by a valuation carried out by an independent valuer. The remaining property plant and equipment with aggregate carrying value of approximately HK$2.9 million comprised mainly plant and machinery, tools and equipment and moulds, most of which were over 5 years old and specific to the industry in which these cash-generating units operate. Management believes that it is impractical and not cost effective to carry out a market valuation on such assets. As such, the Board is of the view that there is no material misstatement to the amount of property, plant and equipment.

c) The intangible asset of HK$600,000 relates to membership subscription paid to a credit information bureau provider by CCIG Financial Services Limited ("**CCIG**"), a subsidiary acquired in FY2016. There is no fixed term of the membership though membership may be terminated by either party upon three months' notice in the event of certain situations like breaches of warranties and liquidation. As a member, CCIG can continue to use the credit information services as long as it pays for the services used and the credit information bureau is in operation. As there is no fixed useful life of the membership, the Board is of the view that no amortisation is required.

4) Inventories

The write down of the value of inventories is based on their aging profiles and this policy or method has been adopted consistently in the past. Past experiences have shown that the provision is adequate. As such, the Board is of the view that the carrying amount of the inventories is not materially misstated.

5) Deposits paid to a supplier

The deposits were made by the Group to its supplier for the purchase of nickel ore. The Group's supplier in Philippines has yet to obtain the export approvals due to new additional procedures from the relevant authorities. The deposit is secured by a personal guarantee from the Group's joint venture partner, personal guarantees from minority shareholders of Hong Kong Silver Basic Group Limited, a subsidiary of the Group and also a share pledge in a mining company in Indonesia, which owns concessions in the mining of nickel ore in Indonesia. As such, the Board is of the view that there is no provision required for these deposits.

6) Related Party Transactions

In view of the matters raised by the Auditors, the Company will be conducting a review of the Group's policy and procedures on related party transactions and conflict of interest issue, with the help of external consultants when necessary.

7) Going concern

The management believes that the Group and the Company will have sufficient resources to continue in operation for the foreseeable future after taking into consideration the following:

a) As at 31 December 2016, the Group had net current assets and net assets of HK$47,171,000 (2015 - HK$34,959,000) and HK$36,256,000 (2015 - HK$23,405,000), respectively, while the Company had net current assets and net assets of HK$50,942,000 (2015 - HK$26,088,000) and HK$30,819,000 (2015 - HK$5,887,000), respectively;

b) Implementation of cost containment measures and working capital management to generate sufficient cash flows from operations; and

c) The bulk of the losses of the Group for FY2016 and FY2015 were attributable to the Jewellery Products and Metal Gift Products business segment which no longer form part of the Group upon the completion of the Proposed Disposal.

The Board (i) is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner; and (ii) confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

Shareholders of the Company are advised to read the entire Published Financial Statements in the Company's annual report for the financial year ended 31 December 2016, which will be despatched in due course.

BY ORDER OF THE BOARD

Lau Chor Beng, Peter
Chairman cum Managing Director
7 June 2017
