

JOYAS INTERNATIONAL HOLDINGS LIMITED

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

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND PUBLISHED FINANCIAL STATEMENTS OF THE GROUP 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 results 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.

The Board of Directors of Joyas International Holdings Limited (the "**Company**") and together with its subsidiaries (the "**Group**") refers to the announcement released by the Company on 1 March 2017 in relation to its unaudited financial result for the financial year ended 31 December 2016 ("**FY2016**") (the "**Unaudited Financial Statements**").

Further reference is made to the financial statements of the Group published in the Company's annual report for FY2016 (the "**Published Financial Statements**") which will be provided to shareholders of the Company and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in due course.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, the Board would like to announce that subsequent to the release of the Unaudited Financial Results, adjustments and reclassifications were made to the Published Financial Statements compared to what was disclosed in the Unaudited Financial Statements following the finalisation of the audit.

The material variances between the Unaudited Financial Statements and Published Financial Statements arose mainly due to the re-presentation of certain balance sheet items and the consolidation of certain suppliers ("**Related Suppliers**") as highlighted in Unaudited Financial Statements announced on 1 March 2017. The Group does not have any equity interest in the Related Suppliers (the "**Consolidation**").

A summary of the adjustments and reclassifications are set out below.

Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended 31 December 2016

	Published	Unaudited	Difference		Note
	Financial Statements	Financial Statements Result	HK\$'000	%	
	HK\$'000	HK\$'000	HK\$'000	%	
Revenue	81,576	82,825	(1,249)	-2%	PL1
Cost of sales	(80,023)	(78,615)	(1,408)	2%	PL1
Gross profit	1,553	4,210	(2,657)	-63%	
Other income	3,432	769	2,663	346%	PL1
Selling and distribution expenses	(2,719)	(2,140)	(579)	27%	PL1
Administrative expenses	(18,641)	(12,109)	(6,532)	54%	PL1
Other operating expenses	(2,722)	(2,326)	(396)	17%	PL1
Finance costs	(2,300)	(2,029)	(271)	13%	PL1
Share of loss of an associate	-	(119)	119	-100%	
Loss before income tax	(21,397)	(13,744)	(7,653)	56%	
Taxation	(309)	(84)	(225)	268%	
Loss for the year	(21,706)	(13,828)	(7,878)	57%	
Other comprehensive income after tax:					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences	(96)	-	(96)	100%	
Other comprehensive loss for the year, net of tax of nil	(96)	-			
Total comprehensive loss for the year	(21,802)	(13,828)			
Total comprehensive income attributable to :					
Owners of the company	(11,236)	(13,809)	2,573	-19%	PL2
Non-controlling interests	(10,566)	(19)	(10,547)	55511%	
	(21,802)	(13,828)	(7,974)	58%	

Explanatory Notes

PL1 Variance mainly due to the Consolidation.

PL2 This variance is mainly due to expenses recharged by the Related Suppliers to the Group in the Unaudited Financial Statements which have been eliminated as a result of the Consolidation in the Published Financial Statements.

Consolidated Statement of Financial Position as at 31 December 2016

	Published Financial Statements	Unaudited Financial Statements Result	Difference	%	Note
	HK\$'000	HK\$'000	HK\$'000		
Non-current assets					
Property, plant and equipment	8,616	4,345	4,271	98%	BS1
Intangible assets	600	600	-		
	<u>9,216</u>	<u>4,945</u>			
Current Assets					
Inventories	7,044	7,044	-		
Trade and other receivables	62,930	-	62,930	N.A	BS2
Trade receivables	-	29,369	(29,369)	-100%	BS2
Deposits, prepayments and other receivables	-	32,386	(32,386)	-100%	BS2
Prepaid Tax	-	652	(652)	-100%	BS2
Pledged bank deposits	-	26,104	(26,104)	-100%	BS3
Cash and bank balances	-	12,805	(12,805)	-100%	BS3
Cash and cash equivalents	39,262	-	39,262	N.A	BS3
	<u>109,236</u>	<u>108,360</u>			
Total assets	<u>118,452</u>	<u>113,305</u>			
Equity					
Capital and Reserves					
Share capital	19,139	19,139	-		
Accumulated losses	(84,426)	-	(84,426)	N.A	BS4
Other reserves	111,035	-	111,035	N.A	BS4
Reserves	-	23,995	(23,995)	-100%	BS4
Attributed to owners of the Company	45,748	43,134	2,614	6%	BS4
Non-controlling interests	<u>(9,492)</u>	<u>1,056</u>	<u>(10,548)</u>	<u>-999%</u>	<u>BS1</u>
Total equity	<u>36,256</u>	<u>44,190</u>			
Liabilities					
Non-Current Liabilities					
Convertible bonds	20,062	20,086	(24)	-0.1%	
Warrants	69	283	(214)	-76%	
	<u>20,131</u>	<u>20,369</u>			
Current Liabilities					
Trade and other payables	45,767	-	45,767	N.A	BS5
Trade payables	-	20,072	(20,072)	-100%	BS5
Other payables and accruals	-	12,266	(12,266)	-100%	BS5
Borrowings	16,271	16,270	1	0%	
Current tax liabilities	27	138	(111)	-80%	
	<u>62,065</u>	<u>48,746</u>	<u>13,319</u>	<u>27%</u>	
Total liabilities	<u>82,196</u>	<u>69,115</u>			
Total equity and liabilities	<u>118,452</u>	<u>113,305</u>			

Explanatory Notes

- BS1 Variance mainly due to the Consolidation.
- BS2 The variance was mainly due to the re-presentation of “Trade receivables”, “Deposits, prepayments and other receivables” as well as “Prepaid tax” in the Unaudited Financial Statements to “Trade and other receivables” in the Published Financial Statements.
- BS3 The variance was mainly due to the re-presentation of “Pledged bank deposits” and “Cash and bank balances” in the Unaudited Financial Statements to “Cash and cash equivalents” in the Published Financial Statements.
- BS4 The variance was a result of the movement as explained in PL2 and the re-presentation of “Reserves” in the Unaudited Financial Statements into “Other reserves” and “Accumulated losses” in the Published Financial Statements.
- BS5 The variance is due to an additional amount of HK\$13.4 million arising from the Consolidation as well as the re-presentation of “Trade payables” and “Other payables and accruals” in the Unaudited Financial Statements to “Trade and other payables” in the Published Financial Statements.

As a result of the changes in the Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended 31 December 2016 and the Consolidated Statement of Financial Position as at 31 December 2016, please find below the revised Consolidated Statement of Cash Flow for the year ended 31 December for information.

Consolidated Statement of Cash Flows for the financial year ended 31 December 2016

Consolidated statement of Cash Flow	Published Financial Statements HK\$'000	Unaudited Financial Statements Result HK\$'000
Cash Flows from Operating Activities		
Loss before taxation	(21,397)	(13,744)
Adjustment for:		
Bad debts recovered	(109)	(109)
Depreciation of property, plant and equipment	1,295	706
Fair value gain on warrants	(260)	196
Fair value loss on derivative component of convertible bonds	196	(36)
Impairment of goodwill	652	652
Interest expense	2,300	2,029
Interest income	(19)	(16)
Loss on disposal of property, plant and equipment	-	144
Share-based payment expense	981	981
Unrealised exchange loss/(gain)	(2,028)	-
Write-down on inventories, net	5,526	5,262
Write-off of property, plant and equipment	1,478	1,477
Operating loss before working capital changes	(11,385)	(2,458)
Changes in inventories	1,861	2,124
Changes in trade and other receivables	(19,823)	(20,404)
Changes in trade and other payables	16,510	4,288
Cash used in operations	(12,837)	(16,450)
Interest paid	(810)	(631)
Income tax (paid)/refunded	(683)	(683)
Net cash used in operating activities	(14,330)	(17,764)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(1,310)	(48)
Acquisition of subsidiaries, net of cash acquired	3,291	3,359
Interest received	19	16
Proceeds from disposal of property, plant and equipment	-	1,688
Net cash generated from investing activities	2,000	5,015
Cash Flows from Financing Activities		
Proceeds from issue of shares	30,680	30,680
Share issue expense	(1,462)	(1,461)
Proceeds from issue of convertible bonds	-	-
Issuing cost of convertible bonds	-	-
Proceeds from issue of warrants	-	-
Capital contribution from non-controlling interests	1,545	-
Interest paid on Convertible Bonds	(1,344)	(1,398)
Dividend paid to non-controlling shareholders	(1,845)	-
Proceeds from borrowings	38,251	38,251
Repayment of borrowings	(34,796)	(34,797)
Increase in pledged bank deposits	(19,567)	(19,567)
Net cash generated from financing activities	11,462	11,708
Net decrease in cash and cash equivalents	(868)	(1,041)
Cash and cash equivalents at beginning of year	13,846	13,846
Effects of exchange rate fluctuations on cash and cash equivalents	180	-
Cash and cash equivalents at end of year	13,158	12,805

BY ORDER OF THE BOARD

Lau Chor Beng, Peter
Chairman cum Managing Director

7 June 2017

*This announcement has been prepared by Joyas International Holdings Limited (the “**Company**”) and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.