

CIRCULAR DATED 12 JUNE 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

YOU ARE IN DOUBT ABOUT ITS CONTENTS OR THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Capitalised terms appearing but not defined on the cover of this Circular bear the same meanings as ascribed to them in the section entitled “Definitions” of this Circular.

If you have sold or transferred all your common shares in the capital of Joyas International Holdings Limited (the “**Company**”) represented by physical share certificate(s), you should forward this Circular together with the Notice of Special General Meeting and the enclosed Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, 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 Catalyst. The Sponsor has not verified the contents of this Circular.

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

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.



JOYAS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Company registration no. 38991)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

THE PROPOSED DISPOSAL OF JOYAS GROUP LIMITED

IMPORTANT DATES AND TIME:

Last date and time for lodgement of Proxy Form : 26 June 2017 at 11.00 a.m.

Date and time of Special General Meeting : 28 June 2017 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)

Place of Special General Meeting : 1 Robinson Road #18-00 AIA Tower, Singapore 048542

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

Companies within the Group

- “Allied Famous”** : Allied Famous Ltd. (Company Registration No. 1695811), a company incorporated in the BVI and having its registered office at P.O. Box 933, Road Town, Tortola, British Virgin Island, VG1110
- “Billion Fun”** : Billion Fun Limited (Company Registration No. 1706714), a company incorporated in the BVI and having its registered office at P.O. Box 933, Road Town, Tortola, British Virgin Island, VG1110
- “Company”** : Joyas International Holdings Limited
- “Disposal Group”** : The Disposal Company and its subsidiaries
- “Group”** : The Company and its subsidiaries collectively
- “Happy Time Industries”** : Happy Time Industries Limited (Company Registration No. 1053238), a company incorporated in Hong Kong and having its registered office at Room, E, 12/F, Phase 2 Kwai Shing Industrial Building, 42-46 Tai Lin Road, Kwai Chung, New Territories, Hong Kong
- “J & J Design”** : J & J Design Ltd. (Company Registration No. 1749050), a company incorporated in Hong Kong and having its registered office at Unit 402, 4/F, Fu Hang Industrial Building, 1 Hok Yuen Street East, Hung Hom, Kowloon, Hong Kong
- “Joyas (Qingyuan)”** : Joyas (Qingyuan) Limited (Company Registration No. 1474667), a company incorporated in the BVI and having its registered office at P.O. Box 933, Road Town, Tortola, British Virgin Island, VG1110
- “Joyas Group Limited” or the “Disposal Company”** : Joyas Group Limited (Company Registration No. 1048124), a company incorporated in the BVI and having its registered office at 263 Main Street, Road Town, Tortola, British Virgin Island
- “Royce Gifts & Accessories”** : Royce Gifts & Accessories Limited (Company Registration No. 1744839), a company incorporated in Hong Kong and having its registered office at Flat E, 12/F, Kwai Shing Industrial Building, Phase 2, 42-46 Tai Lin Pai Road, Kwai Chung, NT. Hong Kong

General

- “Act”** : The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
- “Board” or “Board of Directors”** : The board of directors of the Company, as at the date of this Circular
- “BVI”** : The British Virgin Islands
- “Bye-Laws”** : The bye-laws of the Company as amended, supplemented or modified from time to time

“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 12 June 2017
“Completion”	:	The completion of the sale and purchase of the Sale Shares pursuant to the SPA, being two (2) months after the date of the SPA, or such other date as the Parties may agree in writing
“Controlling Shareholder”	:	A person who: (i) holds directly or indirectly 15.0% or more of the Company’s issued share capital; or (ii) in fact exercises control over the Company
“Consideration”	:	The aggregate consideration of HK\$15.0 million payable by the Purchaser to the Company for the Sale Shares
“Director”	:	A director of the Company, as at the date of this Circular
“EPS”	:	Earnings Per Share
“Financing Business”	:	The business of providing loans to corporate and individual borrowers in Hong Kong
“FY”	:	Financial year ended or ending 31 December, as the case may be
“Hong Kong”	:	Hong Kong Special Administrative Region of the People’s Republic of China
“Jewellery and Metal Gift Business Division”	:	The Group’s Jewellery and Metal Gift Business Division which, broadly, deals in the business of designing, manufacturing and selling of jewellery products and metal gift products
“Latest Practicable Date”	:	5 June 2017, being the latest practicable date prior to the printing of this Circular
“LPS”	:	Loss Per Share
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Nickel Distribution and Trading Business”	:	The business of buying of nickel from suppliers in South East Asia and selling of nickel to customers in Hong Kong and the PRC
“Notice of SGM”	:	The notice of SGM which is on page 20 of this Circular
“NTA”	:	Net tangible assets
“NTL”	:	Net tangible liabilities
“Ordinary Resolution”	:	The ordinary resolution relating to the Proposed Disposal set out in the Notice of SGM
“Parties”	:	The parties to the SPA, namely the Company and the Purchaser

“PRC”	:	The People’s Republic of China
“Property”	:	The leasehold property located at No. 37 Wong Chuk Wan (also known as Lot No. 219 in D.D.258) Sai Kung, New Territories, Hong Kong, which is legally and beneficially owned by Joyas Group Limited
“Property Valuation Report”	:	The property valuation report in respect of the Property, as described in Section 2.5.2 of this Circular
“Proposed Disposal”	:	The proposed disposal of 100% of the registered and paid-up share capital of the Disposal Company
“Proxy Form”	:	The proxy form in respect of the SGM as enclosed in this Circular
“Published Financial Statements”	:	The financial statements as published in the Company’s annual report for FY2016
“Purchaser”	:	Lam Kam Yin
“Securities Accounts”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time
“SGM”	:	The special general meeting of the Company to be held on 28 June 2017, notice of which is set out on page 20 of this Circular
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“Sale Shares”	:	The Company’s entire interest in the issued share capital of the Disposal Company
“Shares”	:	Common shares in the capital of the Company
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“SPA”	:	The conditional sale and purchase agreement dated 25 May 2017 entered into between the Purchaser and the Company in respect of the disposal of the Disposal Company
<u>Currencies, Units and Others</u>		
“HK\$”, “HKD” and “HK cents”	:	Hong Kong dollars and cents respectively, being the lawful currency of Hong Kong
“S\$”, “SGD” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore

“**US\$**” and “**USD**” : American dollars and cents respectively, being the lawful currency of the United States of America

“**%**” : Percentage and per centum

The terms “**Depositor**”, “**Depository**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**treasury shares**” shall have the meaning ascribed to it in Section 4 of the Act.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Act.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, Catalist Rules or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the said Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of a day in this Circular is a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

JOYAS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Company Registration No. 38991)

Directors:

Lau Chor Beng, Peter (Chairman and Managing Director)
Ong Chor Wei (Deputy Chairman and Non-Executive Director)
Kwok Chin Phang (Non-Executive Director)
Cheung King Kwok (Independent Non-Executive Director)
Lim Siang Kai (Independent Non-Executive Director)

Registered Office:

Canon's Court,
22 Victoria Street
Hamilton HM12
Bermuda

CIRCULAR TO SHAREHOLDERS

12 June 2017

To: The Shareholders of Joyas International Holdings Limited

Dear Sir / Madam,

PROPOSED DISPOSAL OF THE ENTIRE INTEREST OF THE COMPANY IN THE ISSUED SHARE CAPITAL OF JOYAS GROUP LIMITED

1. INTRODUCTION

1.1 SGM

The Directors are convening an SGM to be held on 28 June 2017 to seek Shareholders' approval in relation to the proposed disposal of 100% of the issued and paid-up share capital of the Disposal Company, i.e. Joyas Group Limited (the "**Proposed Disposal**").

1.2 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the Proposed Disposal. Shareholders' approval will be sought at the SGM to be held on 28 June 2017 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place), notice of which is set out on page 20 of this Circular.

The SGX-ST takes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained in this Circular.

2. THE PROPOSED DISPOSAL

2.1 Background of the Proposed Disposal

On 25 May 2017, the Company announced that the Company and the Purchaser had on the same day entered into the SPA for the sale and disposal by the Company of 100% of the issued and paid-up share capital of the Disposal Company (i.e. the Sale Shares) to the Purchaser. The sale and disposal of the Sale Shares to the Purchaser shall be on the terms and subject to the conditions of the SPA.

Upon completion of the Proposed Disposal, the Disposal Company will cease to be a subsidiary of the Company and the Jewellery and Metal Gift Business Division would no longer form a part of the Group. Thereafter, the Group's businesses will comprise the Financing Business and the Nickel Distribution and Trading Business.

As at the Latest Practicable Date, the structure of the Group prior to the Proposed Disposal and after Completion is set out in **Appendix A** of this Circular.

The Proposed Disposal constitutes a major transaction under Chapter 10 of the Catalyst Rules. As such, the Proposed Disposal is conditional upon approval by Shareholders' in a general meeting.

2.2 Information relating to the Disposal Company

The Disposal Company is a private company limited by shares incorporated in the BVI. As at the Latest Practicable Date, the Disposal Company has an issued and paid-up capital of US\$7,000, comprising of 7,000 ordinary shares and is wholly-owned by the Company.

The principal business activity of the Disposal Company is investment holding. The Disposal Company is the holding company for the Group's Jewellery and Metal Gift Business Division. As at the Latest Practicable Date, the Disposal Company is the holding company of four (4) wholly-owned subsidiaries of the Group, namely Allied Famous, Billion Fun, Happy Time Industries and Joyas (Qingyuan).

As set out in **Appendix A**, Allied Famous is the holding company of Royce Gifts & Accessories. Billion Fun is the holding company of J & J Design.

Allied Famous is a private company limited by shares incorporated in the BVI. Allied Famous is the holding company of Royce Gifts & Accessories. Royce Gifts & Accessories is wholly-owned by Allied Famous. Royce Gifts & Accessories is a private company limited by shares incorporated in Hong Kong. Royce Gifts & Accessories is principally engaged in the business of metalware manufacturing and export in Hong Kong.

Billion Fun is a private company limited by shares incorporated in the BVI. Billion Fun is the holding company of J & J Design. J & J Design is wholly-owned by Billion Fun. J & J Design is a private company limited by shares incorporated in Hong Kong. J & J Design is principally engaged in the business of manufacturing and trading of jewellery in Hong Kong.

Happy Time Industries is a private company limited by shares incorporated in Hong Kong. Happy Time Industries is principally engaged in the business of holding trademarks and licensing in Hong Kong.

Joyas (Qingyuan) is a private company limited by shares incorporated in the BVI. Joyas (Qingyuan) is principally engaged the business of manufacturing and trading of mini metallic products in the PRC.

Joyas Group Limited is the legal and beneficial owner of the leasehold property located at No. 37 Wong Chuk Wan (also known as Lot No. 219 in D.D.258) Sai Kung, New Territories, Hong Kong (the "**Property**"), which is currently being used as accommodation and office for Mr Lau Chor Beng, Peter, the Managing Director and Chairman of the Company.

Based on the Published Financial Statements, the NTL, Adjusted NTA Value (as described in Section 2.5.1 of this Circular) and net loss (before income tax, minority interests and extraordinary items) of the Disposal Group were negative HK\$26.9 million, HK\$21.7 million and HK\$16.4 million respectively.

2.3 Information on the Purchaser

The Purchaser is Lam Kam Yin ("**Mr Lam**"), who is an entrepreneur and invests in businesses. The Purchaser does not have any relationship, direct and indirect, (including any business relationship) with the Company and the Group. Mr Lam is a resident of Hong Kong. Mr Lam is not related to any of the Directors or substantial shareholders of the Company.

2.4 Rationale for the Proposed Disposal

Since FY2012, the Disposal Group has been loss-making. The Group's share of losses attributable to Disposal Group (including the results of the Jewellery and Metal Gift Business Division as a whole) accounted for approximately 75.6% of the Group's net loss in FY2016.

Market conditions for Jewellery and Metal Gift Business Division have been increasingly challenging, as competitors from the PRC and overseas markets continue to exert pressure on the profit margins and pricings of the jewellery and metal gift products. The business of the Jewellery and Metal Gift Business Division is highly dependent upon demand from overseas market, which has remained weak in the past few financial years.

In view of the weak financial performance of the Jewellery and Metal Gift Business Division, the challenging market conditions and the uncertainty that the Jewellery and Metal Gift Business Division faces, the Board believes that the Disposal Company and the Jewellery and Metal Gift Business Division is not likely to be in a position to provide positive returns for the Group in the foreseeable future. After careful consideration, the Board is of the opinion that the Consideration is fair and reasonable and that the Proposed Disposal is in the best interests of the Group.

In particular, the Proposed Disposal will enable the Company to:

- (a) dispose of an underperforming asset for valuable consideration;
- (b) rationalise its financial and capital resources;
- (c) focus on its Nickel Distribution and Trading Business, and Financing Business;
- (d) strengthen its balance sheet; and
- (e) seek to improve the overall financial position of the Group.

According to an internal cost-benefit analysis, the net recoverable amount that the Group can obtain from a voluntary liquidation of the Disposal Group will not be higher than the price offered by the Purchaser. This is after taking into consideration the consequential costs that the Group will incur such as legal and professional fees, redundancy costs for staff retrenchments, compensation for terminating leases and contracts and depressed selling prices for the plant and equipment on a collective sale basis. In addition, should any legal proceedings ensue from the liquidation process, it may take the Group an inordinate amount of time to complete the liquidation process.

2.5 Values relating to the Disposal Group

2.5.1 NTA value of the Disposal Group

The NTL value of the Disposal Group as at 31 December 2016 was approximately negative HK\$26.9 million. Assuming the Company discharges the Disposal Company's obligations to repay HK\$34.6 million of the Inter-Company Loan (as further elaborated under section 2.6.4 of this Circular) which is subject to completion of the Proposed Disposal and revaluation surplus of the Property of approximately HK\$14.0 million is included, the NTA value of the Disposal Group as at 31 December 2016 would be approximately positive HK\$21.7 million (the "**Adjusted NTA Value**").

2.5.2 Valuation of the Property

The Company had commissioned Crowe Horwath (HK) Consulting & Valuation Limited to perform a property valuation in respect of the Property for the purposes of determining the value of the Property for sale. Crowe Horwath (HK) Consulting & Valuation Limited is an internationally-recognised property valuer with expertise in valuing properties of nature similar to that of the Property.

Based on the property valuation report prepared by Crowe Horwath (HK) Consulting & Valuation Limited dated 24 February 2017 (the "**Property Valuation Report**"), the value of the Property as at 31 December 2016 was estimated to be approximately HK\$18.0 million, and is valued by comparison approach. Comparison approach consists of comparisons based on prices realised of comparable properties. Comparable properties of similar size, character and location are selected and then analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

The Property has a book value of approximately HK\$4.0 million as at 31 December 2016. The revaluation surplus of the Property would be approximately HK\$14.0 million from the valuation of the Property conducted.

2.6 Salient terms of the SPA

2.6.1 Conditions precedent

The Proposed Disposal is conditional on, amongst others, the following:

- (a) The Company obtaining such approval(s) from its board of directors, shareholders (if required) and the SGX-ST (and any other regulatory authority) in connection with the SPA and the transactions contemplated therein as may be necessary;
- (b) An indirect subsidiary of the Disposal Company, Royce Gifts & Accessories obtaining such approval or waiver from Chong Hing Bank in connection with the proposed change of shareholder of the Disposal Company under the banking facility agreement dated 5 July 2016;
- (c) There is no breach by the Company of its representations, warranties and undertakings contained in the SPA;
- (d) Each of the representations, warranties and undertakings remaining true and not misleading in any respect at Completion, as if repeated at Completion and at all times between the date of the SPA and Completion; and
- (e) All necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated hereunder having been obtained by the Company and/or Disposal Company and its subsidiaries, and such consents, approvals and waivers not having been amended or revoked before Completion, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Purchaser.

If any of the conditions precedent set out are not fulfilled on or before the date falling six (6) months from the date of the SPA, or such other date as the Company and the Purchaser may agree in writing, and such non-fulfilment is not waived, the SPA shall *ipso facto* cease, lapse and determine and in that event, the Company and the Purchaser shall be released and discharged from their respective obligations under the SPA and neither the Company nor the Purchaser shall have any claim against the other for costs, damages, compensation or otherwise under the SPA, save for any claim in respect of any antecedent breach of the SPA.

2.6.2 Consideration

The Consideration for the Proposed Disposal is HK\$15.0 million. The Consideration was arrived at on a willing-buyer and willing-seller basis, after taking into account, amongst others, the following:

- (a) the unaudited NTL value excluding the non-controlling interests and the thereafter adjusted NTA value of Disposal Group¹ of approximately negative HK\$19.0 million and HK\$29.6 million respectively as at 31 December 2016;
- (b) the increase in the unaudited NTL value of the Disposal Group from approximately negative HK\$11.0 million as at 31 December 2015 to approximately negative HK\$19.0 million as at 31 December 2016;

¹ Assuming the Company discharges the Disposal Company's obligations to repay HK\$34.6 million of the Inter-Company Loan (as defined in section 2.6.4 of the Circular) which is subject to completion of the Proposed Disposal and approximately HK\$14.0 million revaluation surplus of the Property.

- (c) the unaudited loss of approximately HK\$8.0 million from the Disposal Group in the FY2016;
- (d) the value of the Property of approximately HK\$18.0 million, which has a revaluation surplus of approximately HK\$14.0 million after taking into consideration of the book value of the Property of approximately HK\$4.0 million as at 31 December 2016 (the “**Revaluation Surplus**”), bank loans for the property of approximately HK\$4.3 million;
- (e) the estimated realisable value of the assets and liabilities if the Company had undergone a voluntary liquidation of the Disposal Group, net of the consequential costs arising thereof such as professional and legal fees, discount for collection of receivables and disposal of inventories redundancy costs for staff retrenchments, compensation for terminating leases and contracts and depressed selling prices for the plant and equipment on a collective sale basis; and
- (f) that the Purchaser shall be entitled to all income and responsible for all expenses of the Disposal Group on or after 1 January 2017 pursuant to the SPA.

The Purchaser shall pay the Consideration to the Company according to the following payment schedule:

- (a) HK\$3.0 million shall be paid on the date of Completion (the “**Completion Date**”);
- (b) HK\$6.0 million shall be paid on the date falling 12 months after the Completion Date; and
- (c) HK\$6.0 million shall be paid on the date falling 18 months after the Completion Date.

Notwithstanding the payment schedule above, the Purchaser has agreed and undertaken that he will pay any outstanding Consideration in full and in cash to the Company upon the disposal of the Property by the Disposal Company and/or the Purchaser subsequent to the Completion Date. The Purchaser hereby undertakes that he will inform the Company of a proposed disposal of the Property at least seven (7) days prior to the completion of the disposal of the Property by the Disposal Company.

As a security for payment of the Consideration to the Company, the Purchaser shall undertake to pledge and/or charge the Sale Shares in favour of the Company until the Consideration has been satisfied in full.

2.6.3 Representations, Warranties and Undertakings

The Company and the Purchaser have furnished each other with customary representations, warranties and undertakings for transactions of this nature. Pursuant to the representations, warranties and undertakings by the Company, the unaudited NTL value excluding non-controlling interests and the thereafter adjusted unaudited NTA value (assuming the Company discharges the Inter-Company Loan of HK\$34.6 million (as further elaborated in section 2.6.4 of the circular which is subject to Completion and approximately HK\$14.0 million of Revaluation Surplus of the Property) of the Disposal Group were approximately negative HK\$19.0 million and approximately HK\$29.6 million respectively as at 31 December 2016.

2.6.4 Discharge of Inter-Company Loan

Pursuant to the terms and subject to the conditions of the SPA, the Company has agreed to discharge the Disposal Company’s obligations to repay HK\$34.6 million (or such other amount the Company and the Purchaser may agree in writing) of the inter-company loan granted by the Company in favour of the Disposal Company (the “**Inter-Company Loan**”) upon completion of the Proposed Disposal.

2.6.5 Income and Expenses of the Disposal Group

Pursuant to the terms and subject to the conditions of the SPA, the Company and the Purchaser have agreed that the Purchaser shall be entitled to all income and responsible for all expenses of the Disposal Group on or after 1 January 2017.

2.6.6 Governing Law

The SPA shall be governed by and construed in accordance with the laws of Singapore.

2.7 **Financial Information of Proposed Disposal**

Based on the Published Financial Statements, the net loss (before income tax, minority interests and extraordinary items) attributable to the Disposal Group was approximately HK\$16.4 million. The Group is expected to record a gain on disposal of the Disposal Group of approximately HK\$7.3 million.

The NTL value of the Disposal Group in the Published Financial Statements was approximately negative HK\$26.9 million. Assuming the Company discharges the Disposal Company's obligations to repay approximately HK\$34.6 million of the Inter-Company Loan which is subject to completion of the Proposed Disposal and including the Revaluation Surplus, the Adjusted NTA Value of the Disposal Group as at 31 December 2016 would be approximately positive HK\$21.7 million.

Therefore, the excess/(deficit) of the Net Proceeds (as defined below) over the respective NTL/NTA values are as presented in the table below.

NTA/NTL Used	NTA/(NTL) Value (HK\$' million)	Excess/(Deficit) of Net Proceeds (HK\$' million)
NTL value in the Published Financial Statements	(26.9)	41.9
Adjusted NTA Value	21.7	(6.7)
NTA value in the Published Financial Statements taking into account only the discharge of the Inter-Company Loan	7.7	7.3

The excess/(deficit) arose as the Consideration takes into account of the estimated realisable value of the assets and liabilities if the Company had undergone a voluntary liquidation of the Disposal Group, net of the consequential costs arising thereof such as legal and professional fees, redundancy costs for staff retrenchments, discount for collection of receivables and disposal of inventories, compensation for terminating leases and contracts and depressed selling prices for the plant and equipment on a collective sale basis.

2.8 **Use of Proceeds**

The proceeds arising from the Proposed Disposal is approximately HK\$15.0 million (equivalent to S\$2.7 million based on an exchange rate of S\$1.00: HK\$5.63 as at the Latest Practicable Date). After deducting estimated cost and expenses of approximately S\$0.1 million, the net proceeds arising from the Proposed Disposal is approximately S\$2.6 million (the "**Net Proceeds**").

The Company intends to utilise 50% of the Net Proceeds as working capital for its financing business and the remaining 50% of the Net Proceeds as general working capital.

2.9 **The Proposed Disposal as a Major Transaction**

Under Chapter 10 of the Catalist Rules, the Proposed Disposal will be classified as a "major transaction" if any of the relative figures calculated on the bases set out in Rule 1006 of the Catalist Rules exceeds 50% and if so, shareholders' approval must be obtained for the "major transaction".

2.10 Relative figures under Chapter 10 of the Catalist Rules in relation to the Proposed Disposal

The relative figures for the Proposed Disposal, computed on the bases set out in Rule 1006 of the Catalist Rules and based on the Published Financial Statements, are set out below.

Listing Rule		Relative Figures
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not meaningful ⁽¹⁾
	The adjusted NTA value (which includes only the discharge of the inter-company Loan) of the assets to be disposed of, compared with the Group's net asset value.	21.3% ⁽²⁾
1006(b)	Net loss attributable to the assets disposed of, compared with the Group's net profits ⁽³⁾	75.6% ⁽⁴⁾
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽⁴⁾	23.3% ⁽⁵⁾
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable

Notes:

- (1) The NTL value in the financial statements of the Disposal Group as at 31 December 2016 was approximately negative HK\$26.9 million while Group's net asset value was approximately HK\$36.2 million as at 31 December 2016.
- (2) The adjusted NTA value of the Disposal Group as at 31 December 2016 of approximately HK\$7.7 million (taking into account only the discharge of the Inter-Company Loan) represents approximately 21.3% of the Group's net asset value of approximately HK\$36.2 million as at 31 December 2016. The adjusted NTA value of the Disposal Group as at 31 December 2016 of approximately HK\$21.7 million represents approximately 59.9% of the Group's net asset value of approximately HK\$36.2 million as at 31 December 2016.
- (3) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit or (loss) before income tax, minority interests and extraordinary items. It should be noted that there had been a net loss reported for the Disposal Company and for the Group for the FY2016.
- (4) The net loss attributable to the Disposal Group for the FY2016 is HK\$16.4 million. This includes the results of the Disposal Company's subsidiaries. The net loss attributable the Group for FY2016 is HK\$21.7 million.
- (5) The Consideration of HK\$15.0 million represents approximately 23.3% of the Company's market capitalisation of approximately HK\$64.4 million, computed based on the Company's volume weighted average price of S\$0.006 per share on 24 May 2017 (the market day preceding the date of the SPA) multiplied by the Company's issued and paid up capital of 1,913,776,973 as at 25 May 2017 (i.e. the date of the SPA). The exchange rate used is S\$1: HK\$5.61 as at 24 May 2017.

On the basis of the above calculations, as one of the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules is more than 50%, the Proposed Disposal constitutes a "Major Transaction" for the purposes of Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal is conditional upon approval by Shareholders at the SGM pursuant to Rule 1014 of the Catalist Rules.

2.11 Financial effects of the Proposed Disposal

Solely for illustration only and based on the Published Financial Statements, this section sets out the financial effects of the Proposed Disposal on the EPS and NTA per Share of the Company.

For the purpose of illustrating the financial effects of the Proposed Disposal, the *pro forma* financial effects have been prepared based on, among others, the following assumptions:

- (i) the financial effects on the NTA per share of the Group are computed assuming that the Proposed Disposal was completed on 31 December 2016;
- (ii) the financial effects on the earnings per share of the Group are computed assuming that the Proposed Disposal was completed on 1 January 2016;
- (iii) the cost and expenses in connection with the Proposed Disposal are disregarded for the purposes of calculating the pro forma financial effects; and
- (iv) the weighted average number of ordinary shares is based on the number of shares issued for the financial year ended 31 December 2016 and 31 December 2015 after taking into account the completion of the rights issue which was completed on 5 August 2016.

The pro forma financial effects presented below are for illustrative purposes only and are not intended to reflect the actual future financial position of the Group upon completion of the Proposed Disposal.

2.11.1 EPS

The financial effects on the LPS below have been calculated on the assumption that the Proposed Disposal was completed on 1 January 2016 (being the beginning of FY2016).

	Before the Proposed Disposal	Assuming completion of the Proposed Disposal at the beginning of FY2016
Profit/(Loss) attributable to Shareholders (HK\$ million)	(21.7)	2.0
Weighted average number of Shares	1,016,689,000	1,016,689,000
Earnings/(Loss) per Share (HKcents)	(2.1)	0.2

2.11.2 NTA per Share

The financial effects on the NTA per Share below have been calculated on the assumption that the Proposed Disposal was completed on 31 December 2016 (being the end of FY2016).

	Before the Proposed Disposal	Assuming completion of the Proposed Disposal at the end of FY2016
NTA (HK\$ million)	36.2	43.5
Number of Shares	1,016,689,000	1,016,689,000
NTA per Share (HK cents)	3.56	4.28

3. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED DISPOSAL**

Save for their respective interests in the Shares in the capital of the Company, none of the Directors (and their associates) or Controlling Shareholders of the Company (and their associates) has any interest, direct or indirect, in the Proposed Disposal.

4. SERVICE AGREEMENTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. As such, no service agreements will be entered into with any new director of the Company in connection with the Proposed Disposal.

5. SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors						
Lau Chor Beng Peter ⁽²⁾	–	–	842,951,466	44.05	842,951,466	44.05
Ong Chor Wei ⁽³⁾	5,600,000	0.29	560,000,000	29.26	565,600,000	29.55
Kwok Chin Phang	114,766,000	6.00	–	–	114,766,000	6.00
Cheung King Kwok	–	–	–	–	–	–
Lim Siang Kai	–	–	–	–	–	–
Substantial Shareholder (other than Directors)						
Joyas Investments Group Limited	842,951,466	44.05	–	–	842,951,466	44.05
Reach Win Limited	560,000,000	29.26	–	–	560,000,000	29.26
Delton Group Limited ⁽³⁾	–	–	560,000,000	29.26	560,000,000	29.26
Cavendish Limited ⁽⁴⁾	–	–	560,000,000	29.26	560,000,000	29.26
Yung Fung Ping ⁽⁴⁾	–	–	560,000,000	29.26	560,000,000	29.26

Notes:

- (1) Based on the existing share capital as at Latest Practicable Date of 1,913,776,973.
- (2) Lau Chor Beng, Peter is deemed interested in the Shares held by Joyas Investments Group Limited of which Lau Chor Beng, Peter is a controlling shareholder and director.
- (3) Delton Group Limited is deemed interested in the Shares held by Reach Win Limited of which Delton Group Limited is a controlling shareholder. Ong Chor Wei is deemed interested in the Shares held by Reach Win Limited, of which Ong Chor Wei is a director, and he holds 100% shareholding interest in Delton Group Limited.
- (4) Cavendish Limited is deemed interested in the Shares held by Reach Win Limited of which Cavendish Limited is a controlling shareholder. Yung Fung Ping is deemed interested in the Shares held by Reach Win Limited, of which Yung Fung Ping is a director and she holds 100% shareholding interest in Cavendish Limited.

The interests of the Directors and Substantial Shareholders in securities other than shares of the Company as at the Latest Practicable Date were as follows:

	Number of Warrants ⁽¹⁾		Number of Convertible Bonds ⁽²⁾		Number of Share Options	
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
Directors						
Lau Chor Beng Peter	–	–	–	–	–	–
Ong Chor Wei	–	–	–	179,037,000	3,000,000	–
Kwok Chin Phang	1,139,259	–	–	3,500,000	19,000,000	–
Cheung King Kwok	–	–	–	–	9,500,000	–
Lim Siang Kai	–	–	–	–	9,500,000	–
Substantial Shareholder (other than Directors)						
Joyas Investments Group Limited	–	–	–	–	–	–
Reach Win Limited	–	–	–	–	–	–
Delton Group Limited	–	–	–	–	–	–
Cavendish Limited	–	–	–	–	–	–
Yung Fung Ping	–	–	–	–	–	–

Notes:

- (1) Each warrant carries the right to subscribe for one new Share.
- (2) The nominal value for each convertible bond is S\$0.015 and the conversion price is S\$0.10. The number of new Shares to be issued on the conversion of each convertible bond is determined by dividing the principal amount of each convertible bond by the conversion price.

None of the Directors and Substantial Shareholders has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

6. SPECIAL GENERAL MEETING

The SGM, notice of which is set out in this Circular, will be held on 28 June 2017 for the purpose of considering and, if thought fit, passing with or without modifications the Ordinary Resolution in respect of the Proposed Disposal.

7. DIRECTORS' RECOMMENDATIONS

Having considered the rationale and the terms of the Proposed Disposal, the Directors are of the opinion that the Proposed Disposal is in the interest of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the Ordinary Resolution in respect of the Proposed Disposal, as set out in the Notice of SGM contained in this Circular.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders (who are not Depositors) who are unable to attend the SGM and who wish to appoint a proxy to attend on their behalf are requested to complete and sign the Shareholder proxy form which is attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower #32-01 Singapore 048623, not less than forty-eight (48) hours before the time appointed for the SGM. Completion and return of the Shareholder proxy form by a Shareholder will not preclude him from attending and voting in person at the SGM in place of his proxy if he so wishes.

Depositors who wish to attend and vote at the SGM, and whose names are shown in the records of CDP as at a time not earlier than forty-eight (48) hours before the time appointed for the SGM supplied by CDP to the Company, may attend as CDP's proxies. Depositors who are individuals and who wish to attend the SGM in person need not take any further action and can attend and vote at the SGM without the lodgement of any proxy form.

Depositors who are not individuals and Depositors who are unable to attend personally and wish to appoint a nominee to attend and vote on his behalf, will find attached to this Circular a Depositor proxy form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower #32-01 Singapore 048623, not less than forty-eight (48) hours before the time appointed for the SGM. Completion and return of the Depositor Proxy Form by a Depositor who is an individual will not preclude him from attending and voting in person at the SGM in place of his nominee if he so wishes.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 35 Selegie Road #10-25, Parklane Shopping Mall, Singapore 188307 during normal business hours for three (3) months from the date of this Circular:

- (a) the SPA;
- (b) the Property Valuation Report in respect of the valuation of the Property;
- (c) the Bye-Laws of the Company; and
- (d) the Annual Report of the Company for FY2016.

Yours faithfully

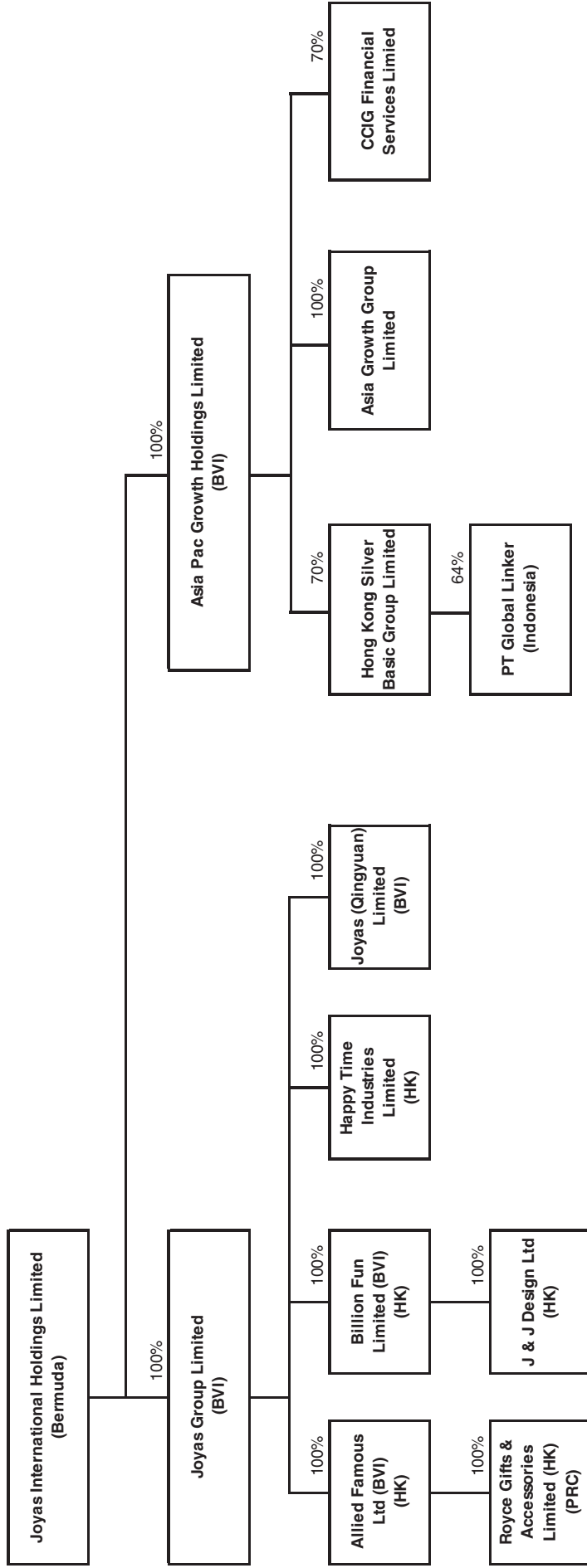
For and behalf of the Board of Directors of
Joyas International Holdings Limited

Lau Chor Beng, Peter
Managing Director

APPENDIX A – GROUP STRUCTURE

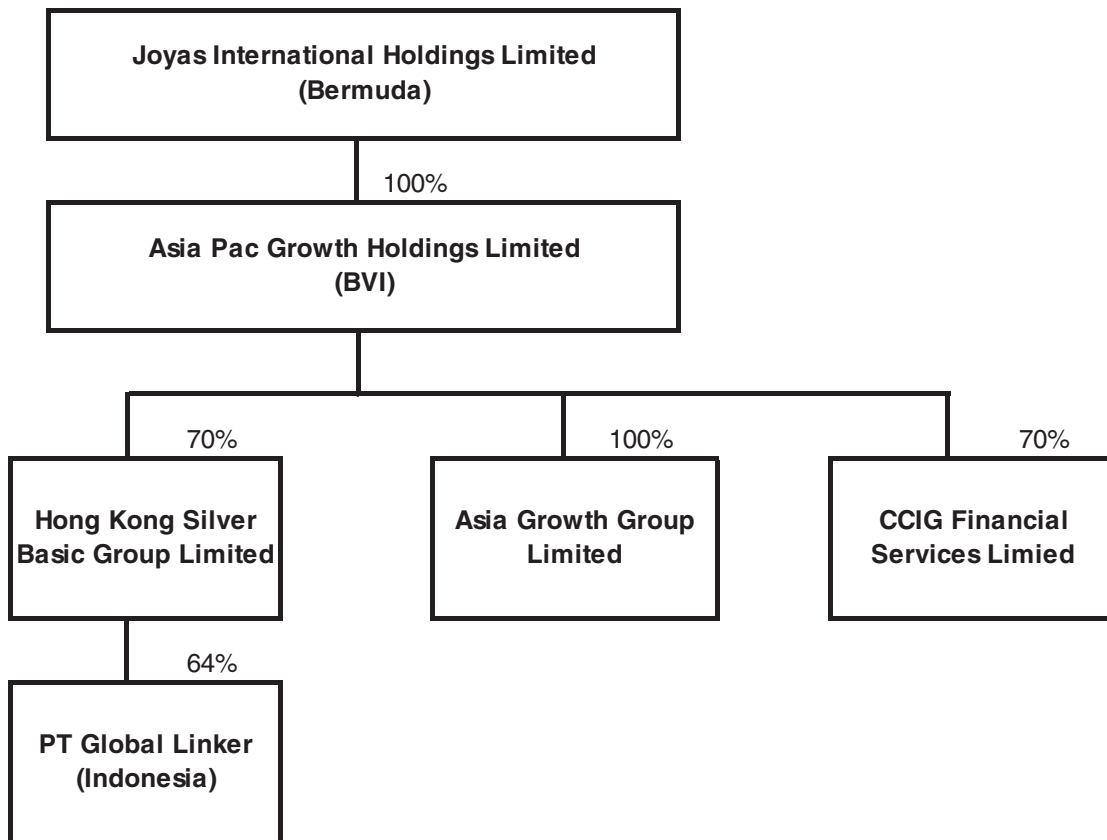
GROUP STRUCTURE PRIOR TO THE PROPOSED DISPOSAL

As at Latest Practicable Date, the structure of the Group prior to the Proposed Disposal is as follows:



GROUP STRUCTURE SUBSEQUENT TO THE PROPOSED DISPOSAL

Based on the Group Structure as at the Latest Practicable Date, the structure of the Group after Completion of the Proposed Disposal is as follows:



JOYAS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Company registration no. 38991)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Special General Meeting of **JOYAS INTERNATIONAL HOLDINGS LIMITED** (the “**Company**”) will be held at 1 Robinson Road #18-00 AIA Tower, Singapore 048542 on 28 June 2017 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolution set out below.

Capitalised terms which are not defined in this Notice of SGM shall carry the same meanings ascribed to them in the circular to Shareholders dated 12 June 2017 (the “Circular”).

(1) ORDINARY RESOLUTION

PROPOSED DISPOSAL OF JOYAS GROUP LIMITED

THAT approval be and is hereby given:

- (1) for the Company to enter into and carry out the proposed disposal of Joyas Group Limited and its subsidiaries on the terms and subject to the conditions set out in the SPA as more particularly described in the Circular; and
- (2) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary or expedient for the purpose of completing the proposed disposal of Joyas Group Limited and its subsidiaries and/or the transactions contemplated by this resolution.

BY ORDER OF THE BOARD

Joyas International Holdings Limited

Gwendolyn Gn
Company Secretary
12 June 2017
Singapore

Notes:

- (a) The Central Depository (Pte) Limited (“**CDP**”) has appointed CDP’s proxies to vote on behalf of CDP at the SGM. Each of the Depositors who are individuals and whose names are shown in the CDP’s records as at a time not earlier than forty-eight (48) hours before the time appointed for the SGM. Therefore, Depositors who are individuals can attend and vote at the SGM without the lodgement of any Depositor Proxy Form (as defined below).
- (b) A Depositor registered and holding Shares through the CDP who is an individual but is unable to attend the SGM personally and wishes to appoint a proxy(ies) to attend and vote on his/her behalf must complete, sign and return the proxy form which is despatched together with this Circular to Depositors (the “**Depositor Proxy Form**”) completed by CDP in accordance with the instructions printed thereon and deposit the duly completed Depositor Proxy Form at the office of the Company’s Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, not less than forty-eight (48) hours before the time appointed for the SGM. Similarly, a Depositor who is a corporation and who wishes to attend the SGM must submit the Depositor Proxy Form for the appointment of nominee(s) as proxy(ies) to attend and vote at the SGM on its behalf.

- (c) If a Shareholder who is not a Depositor is unable to attend the SGM and wishes to appoint a proxy(ies) to attend and vote at the SGM in his/her stead, then he/she should complete and sign the proxy form despatched to Shareholders who are not Depositors (the “**Shareholder Proxy Form**”) and deposit the duly completed Shareholder Proxy Form at the office of the Company’s Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., not less than forty-eight (48) hours before the time appointed for the SGM. Such proxy need not be a member of the Company.
- (d) Except for a Shareholder who is a corporation providing nominee or custodial services to Shareholders of the Company, a Shareholder is entitled to appoint not more than two (2) proxies to attend, speak and vote at the SGM. Where a Shareholder appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the relevant proxy form.
- (e) To be effective, the Depositor Proxy Form or the Shareholder Proxy Form must be deposited by a Depositor or a Shareholder (as the case may be) at the office of the Company’s Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., no later than 11.00 a.m. on 26 June 2017.
- (f) The completion and return of the Depositor Proxy Form or the Shareholder Proxy Form will not prevent him/her from attending and voting in person at the SGM if he/she wishes to do so, in place of his/her proxy(ies).

Personal data privacy:-

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any SGM laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.