

# JOYAS INTERNATIONAL HOLDINGS LIMITED

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

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## DISCLAIMER OF OPINION BY THE AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist 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 (collectively the “**Group**”) wishes to announce that the independent auditors of the Company, Baker Tilly TFW LLP (the “**Independent Auditors**”), have issued a disclaimer of opinion in the independent auditors’ report (“**Independent Auditors’ Report**”) in respect of the Company’s consolidated financial statements for the financial year ended 31 December 2021 (“**FY2021**”) (the “**Published Financial Statements**”).

The Board and the Management of the Company wish to provide their comments and views in relation to certain matters raised in the Independent Auditors’ Report which formed the basis of the disclaimer of opinion:

**i) Deposit paid to supplier and trade payable owing to the supplier and amount due to related parties.**

**Deposit paid to supplier**

The deposit of approximately HK\$24 million (“**Deposit**”) was made by the Group to its supplier in the Philippines during the financial year ended 31 December 2015 for the purchase of nickel ore pursuant to an exclusive agency agreement signed between Hong Kong Silver Basic Group Limited (“**Hong Kong Silver**”), a 70%-owned subsidiary of the Group, with the supplier on 19 March 2015 for being an exclusive agent of sale of nickel ore in the PRC including Hong Kong. For the avoidance of doubt, the supplier is owned by Mr. Wang De Zhou (“**Mr Wang**”), the previous managing director of Hong Kong Silver.

During FY2019, the Deposit was fully impaired as there was no progress in the Group’s nickel ore trading business in Philippines or Indonesia and some repayments had been recovered in respect of the Deposit.

Please refer to the announcement dated 18 March 2022 for updates on this matter.

In FY2021 audit, the Independent Auditors were unable to satisfactorily perform confirmation procedures to satisfy themselves that the gross amounts of the Deposit paid of HK\$24,299,000 (2020: HK\$24,377,000) were fairly stated. Consequently, they were unable to obtain sufficient appropriate evidence on the accumulated impairment loss on the Deposit paid of HK\$24,299,000 (2020: HK\$24,377,000).

To resolve the matter, the management is exploring the possibility of disposing Hong Kong Silver. By disposing Hong Kong Silver, the audit procedures in relation to the deposit paid to supplier can be avoided. This approach will not affect the Group’s plans to continue pursuing repayment of the Deposit as stated in the announcement dated 18 March 2022 under paragraph (vi) of the “Update” section. The Board concurs with the approach recommended by the management.

### **Trade payable owing to supplier and amount due to related parties**

In FY2019, trade payable of HK\$10,531,000 owing to the same supplier in relation to the Deposit was fully written back to profit or loss. In addition, the Group wrote back amounts of HK\$5,673,000 due to related parties, which comprised Mr Wang and an entity in which Mr Wang is also a shareholder of. The reason for such write back is because the supplier and the related parties have confirmed in a written letter to Hong Kong Silver (“**Letter**”) that such balances will not be settled until the Deposit and amounts due from PT Global Linker Indonesia (“**PTGLI**”) are fully settled. Since the Deposit has been fully impaired, the Group has fully written back such due to balances as well. The Board and the management are of the view that the Company is not legally obligated to settle these amounts as Hong Kong Silver, the subsidiary which recorded these liabilities, is in a capital deficit position. Furthermore, the probability of claims by the supplier and the related parties is remote as the Letter states that such balances will not be settled until the Deposit and amounts due from PTGLI are fully settled. As of the date of this announcement, neither the supplier nor the related parties have made any claim or demand of repayment for the amounts written back.

In FY2021 audit, the Independent Auditors were unable to satisfactorily perform confirmation procedures to satisfy themselves that the gross amounts of trade payables owing to the supplier of HK\$10,531,000 (2020: HK\$10,531,000) were fairly stated. Consequently, they were unable to obtain sufficient appropriate evidence on the accumulated write back of trade payables of HK\$10,531,000 (2020: HK\$10,531,000). In addition, they were unable to obtain sufficient appropriate evidence on the accumulated write back of amounts due to related parties of HK\$5,673,000 (2020: HK\$5,673,000).

To resolve the matter, the management is exploring the possibility of disposing Hong Kong Silver. By disposing Hong Kong Silver, the audit procedures in relation to the trade payables owing to supplier and amount due to related parties can be avoided.

This approach will not affect the Group’s plans to continue pursuing repayment of the Deposit as stated in the announcement dated 18 March 2022 under paragraph (vi) of the “Update” section. The Board concurs with the approach recommended by the management.

### **ii) Unaudited financial information, impairment of investment in associate and impairment of amount due from an associate**

In view of the uncertainty of recoverability from the associate, PTGLI, the Group has made full provision for the investment in associate and the amount due from associate in its financial statements for FY2019.

To address the Independent Auditor’s view that they are unable to obtain audit evidence about the financial information of PTGLI as its financial statements are unaudited, request has been made by the Group to the associate to arrange for audit of its financial statements from FY2017. The management of PTGLI has arranged an audit of PTGLI and audit reports from FY2017 to FY2020 have been provided to the Independent Auditors. The Independent Auditors have requested access to working papers prepared by the relevant auditors, however, based on representation from management of PTGLI, the relevant auditors have yet to agree to grant access.

In FY2021 audit, the financial statements of the associate for FY2021 were unaudited and the Independent Auditors were unable to obtain sufficient appropriate audit evidence about the financial information of the associate for FY2021. Accordingly, they were unable to obtain reasonable assurance that the recorded gross investment in associate of HK\$3,355,000 and the corresponding accumulated impairment loss of HK\$3,355,000, and the amount due from

associate of HK\$10,672,000 and accumulated impairment loss on amount due from associate of HK\$10,672,000 as at 31 December 2021 are not materially misstated in the consolidated financial statements of the Group.

To resolve the matter, the management is exploring the possibility of disposing Hong Kong Silver. By disposing Hong Kong Silver which includes its investment in associate, the audit procedures in relation to the Deposit paid to supplier can be avoided. The Board concurs with the approach recommended by the management.

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

The Published Financial Statements and the Independent Auditors' Report can also be found in the Company's annual report for FY2021 ("**FY2021 Annual Report**"), which will be released separately via the SGXNET and despatched to the Company's shareholders on 12 April 2022. Shareholders of the Company are advised to read this announcement in conjunction with the FY2021 Annual Report.

An extract of the Independent Auditors' disclaimer of opinion and the relevant notes of the Published Financial Statements are annexed to this announcement for reference.

#### **BY ORDER OF THE BOARD**

Vincent Cheung Chun Wai  
Executive Director and Chief Executive Officer  
6 April 2022

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*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 Mr Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*