

# JOYAS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)  
Registration No.: 38991  
(the “Company”)

---

## SETTING UP OF A NEW FINANCING BUSINESS UNIT AND INCORPORATION OF A NEW WHOLLY-OWNED SUBSIDIARY

---

### 1. INTRODUCTION

The Board of Directors (the “Board”) of Joyas International Holdings Limited (the “Company”) and its subsidiaries (the “Group”) wishes to announce that in line with the strategy undertaken by the Group to: (i) introduce more income streams, (ii) enhance the Group’s business sustainability and (iii) increase shareholders’ value, the Group intends to set up a new business unit for the provision of loans to corporate and individual borrowers in Hong Kong (the “Financing Business”).

The Company has incorporated a new wholly-owned subsidiary, Asia Growth Group Limited (“AGGL”) for the purposes of carrying out the Financing Business and management services, on 4 May 2015. AGGL is a company incorporated in Hong Kong and as at the date of this announcement, AGGL has an issued and paid-up share capital of HK\$1,000.

### 2. RATIONALE FOR THE ENTERING INTO THE FINANCING BUSINESS

The Board believes that business conditions in its existing jewellery and metal gift products business will remain challenging in the near future due to uncertain global economic conditions which could affect the Group’s financial condition. Although there are signs of improvement in the global economy and the Group has taken steps to diversify its business into the nickel distribution and trading business (which was approved by shareholders at a special general meeting of the Company on 8 January 2015), the Board believes that it is also important to explore other new areas business in order to remain competitive and better utilise any surplus of capital. The Board believes that the current economic conditions in Hong Kong are favourable for the Financing Business, and the Group has been operating in Hong Kong since 1991 and has thus built up existing business networks in Hong Kong which it can tap on for potential borrowers. Given the attractive market conditions and the Company’s business networks in Hong Kong, the Board believes that the timing is suitable for entering into the Financing Business, as it is an attractive opportunity for the Company to improve and diversify its operations and financials in order to improve shareholders’ value.

### 3. PROPOSED BUSINESS ACTIVITIES OF THE FINANCING BUSINESS

The Company intends for AGGL to operate as a licensed lender in Hong Kong to provide corporate loans and individual loans.

(i) Corporate loans

AGGL will be providing loans to corporate borrowers, for the following purposes:

- (a) short-term loans for working capital requirements, in the form of revolving credit lines, overdraft loans, bridging loans and term loans with fixed instalment payment terms; and
- (b) expansion and acquisition financing in the form of mezzanine loans. Mezzanine loans are a hybrid of debt and equity financing and it provides the

Group the rights to convert or acquire a minority stake in the borrower in addition to interest income.

Corporate loans described above may be secured by a floating or fixed charge over certain assets of the borrower or, in the case of mezzanine loans, by the shares of the borrower. In certain cases, personal guarantees from major shareholders of the borrower may also be required. Such corporate loans usually have maturities ranging between six (6) to twenty-four (24) months.

(ii) Individual loans

AGGL will also provide loans to individuals, which will typically be secured by a first or second mortgage on the properties provided by the borrower or third party.

For corporate and individual loans which are secured, the amount of a loan granted and the tenure will depend on a multitude of factors, such as the value of the underlying security, which will be assessed based on the valuation provided by professional valuation firms.

Interest income from such corporate and individual loans will be the key source of revenue for the Financing Business. The effective interest rates to be charged for each loan will be determined on the basis of a number of factors including funding costs and risk assessments.

#### 4. MANAGEMENT AND HUMAN RESOURCES

Mr. Cheung Wai Hung, an Executive Director of the Company and Mr. Ong Chor Wei, a Non-Executive Director of the Company, shall sit as the directors of AGGL.

AGGL will be appointing two new executives, Mr. Ma Nam Shing and Mr. Cheung Chun Wai, Vincent (the “**Management**”), to manage the day-to-day operations of the Financing Business. The Management has suitable experience in the finance industry in Hong Kong and will provide valuable leadership, expertise and knowledge to the management of and sourcing of potential clients for the Financing Business. The detailed resumes of Mr. Ma Nam Shing and Mr. Cheung Chun Wai are as follows:

Mr. Ma Nam Shing

Mr. Ma Nam Shing graduated with a Bachelor of Business from Curtin University of Technology, Australia and holds a Postgraduate Diploma in Corporate Administration from Hong Kong Polytechnic University. He is also a Certified Public Accountant in Hong Kong and Australia. Mr. Ma Nam Shing has over 20 years commercial experience in the financial services industry. He also has a broad range of experience in business development, business advisory, corporate finance, accounting, compliance & corporate governance, financial analysis. Prior to joining the Group, Mr. Ma Nam Shing was the Chief Financial Officer and Credit Board Member in China Yinsheng Finance (Holding) Limited from 2011 to 2014. During his tenure at China Yinsheng Finance (Holding) Limited, he was responsible for, *inter alia*, the implementation and monitoring of credit and loan policies and procedures. Prior to joining China Yinsheng Finance (Holding) Limited, Mr. Ma Nam Shing was the Chief Financial Officer of Modern Beauty Salon Holdings Limited, a Hong Kong Stock Exchange-listed company, from 2008 to 2009 before joining Conpak Mgmt Consultants Limited as Senior Vice President since 2010.

Mr. Cheung Chun Wai, Vincent

Mr. Cheung Chun Wai, Vincent holds a Master degree in Business Administration (Executive Management) from the Royal Roads University. He is also an Accredited Mediator of the Hong Kong Mediation Center. Mr. Cheung Chun Wai, Vincent has over 15 years commercial experience in the financial services industry. He also has a broad range of experience in sales & marketing of financial products, accounting, compliance and reporting. Prior to joining the Group, Mr. Cheung Chun Wai, Vincent was the Assistant General Manager at AEON

Credit Service (Asia) Co., Ltd from 2006 to 2015. During his tenure at AEON Credit Service (Asia) Co., Ltd, he oversaw the sales and marketing department, business development department and accounts control department. He was responsible for, *inter alia*, the creation of new loan products (secured or unsecured) and setting up collection policies and procedures. Prior to joining AEON Credit Service (Asia) Co., Ltd, Mr. Cheung Chun Wai, Vincent had worked in the financial services industry with companies such as AIA and JCG Finance Co., Ltd.

Mr. Ma Nam Shing and Mr. Cheung Chun Wai, Vincent will enter into service agreements with the Company for a period of 3 years. Pursuant to the service agreements, the Management will undertake not to compete with the Company while they are in the employment of the Company and for a further duration of six (6) months after they terminate their service agreements with the Company for whatever reason without prior consent from the Company.

The Management will be primarily responsible for the identification and networking with potential clients, as well as approval of loans which are below a pre-determined threshold (“**Threshold**”), according to a loan policy (“**Approval Policy**”). The Threshold and Approval Policy will be determined by a credit committee to be set up by the Company in relation to the Financing Business (the “**Credit Committee**”). The Credit Committee will also be responsible for approving loans which are beyond the Threshold after reporting to and acting in consultation with a new risk management committee, (the “**Risk Management Committee**”) which will be set up in relation to the Financing Business. Please refer to Sections 6 and 7 below for more details on the Credit Committee and the Risk Management Committee.

## 5. APPROVALS, LICENSES AND GOVERNMENT REGULATIONS

AGGL will apply for a money lenders license for the purposes of the Financing Business. Under the Money Lenders Ordinance in Hong Kong, a money lenders license must be obtained for the operation of a lending business in Hong Kong. The money lenders license is required for companies which are engaged in the business of making loans, or who advertises or announces itself or holds itself out in any way as carrying on that business.

## 6. REVIEW PROCEDURES AND THE CREDIT COMMITTEE

For loans secured by properties or other assets, the market value of such properties provided by borrowers, shares or other assets will be based on valuations performed by external professional survey firms.

Further, pursuant to the Approval Policy, potential corporate and individual borrowers will be required to submit the title documents or other supporting documents of the security or their businesses for ownership checks and credit assessment purposes. In the case of individual borrowers, they will be required to submit their Hong Kong identity cards and valid proof of their addresses. In the case of corporate borrowers, relevant secretarial and financial records will also be required. Furthermore, the borrowers may also have to provide information on their existing loans (if any) which include repayment records and income proof. For loans beyond the Threshold, an approval by the Credit Committee will be required, after reporting to and acting in consultation with the Risk Management Committee, prior to granting of the loans.

The Credit Committee will take into account all factors in deciding whether or not to approve an application, such as whether or not security has been provided, on a case-by-case basis. The Credit Committee will then make necessary adjustments, such as imposing a higher interest rate, as compensation for additional risks that may arise. Nevertheless, if the Credit Committee considers that the relevant risk is beyond an acceptable level, they will reject the relevant loan application.

The Credit Committee will comprise the Executive Directors of the Company (Mr Lau Chor Beng, Peter and Mr Cheung Wai Hung, Danny) and the Non-Executive Directors of the Company (Mr Ong Chor Wei and Mr Kwok Chin Phang).

#### **7. INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT COMMITTEE**

The Directors are aware that the Financing Business is exposed primarily to (i) credit risks in respect of loan portfolios; (ii) operational risks relating to internal processes; (iii) market risks in respect of the Group's financial and property assets and liabilities; (iv) liquidity risks in respect of working capital and (v) legal and regulatory risks.

In view that the Financing Business is a new business to the Group, the Risk Management Committee will be established with the overall responsibility of overseeing the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies as well as the identification and management of business risks of the Group. The Credit Committee will report to and act in consultation with the Risk Management Committee.

The Risk Management Committee will comprise all the Independent Directors of the Company, namely, Mr Cheung King Kwok and Mr Lim Siang Kai

The Company will also carry out an internal audit of AGGL at least once annually, to evaluate AGGL's internal controls and risk management and ensure that all the internal controls and weaknesses will be addressed.

#### **8. FUNDING FOR THE FINANCING BUSINESS**

The Company proposes that the initial funding for the Financing Business be constituted by (i) internal sources of funds including retained earnings and shareholders' loans and advances, as well as (ii) loans from independent third party private lenders. The Company may consider tapping funds from the equity market as and when more funds are required to fuel the growth and expansion of the Financing Business.

#### **9. FINANCIAL EFFECTS OF THE FINANCING BUSINESS AND SHAREHOLDERS' APPROVAL**

As at the date of this announcement, the Company is unable to determine the financial impact of the Financing Business on the Group's net tangible assets per share or earnings per share for the current financial year as the Financing Business has yet to be effected.

Should the venture into the Financing Business significantly change the risk profile of the Group or if there are any acquisitions contemplated in relation to the Financing Business, the Company will seek shareholders' approval under the listing rules where applicable.

#### **10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Save as disclosed above for their shareholding in the Company, none of the Company's Directors, controlling shareholders or any of their respective associates, has any interest, direct or indirect, in AGGL.

By Order of the Board

Lau Chor Beng, Peter  
Managing Director

15 May 2015

*This announcement 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 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.*