

JOYAS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda)
(Company Registration Number 38991)

UPDATE ON DEPOSIT PAID TO A SUPPLIER

The Board of Directors (the “**Board**”) of Joyas International Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to (a) the Company’s announcement dated 24 April 2019 in relation to the Company’s responses to SGX-ST’s queries; and (b) the Company’s financial results announcement dated 14 August 2019 for the 6 months financial period ended 30 June 2019 (“**HY Results**”) (collectively, the “**Previous Announcements**”).

The Previous Announcements disclosed, *inter alia*, that:

- (a) There was a deposit of approximately HK\$24.4 million paid by Hong Kong Silver Basic Group Limited (“**HK Silver**”) in 2015 to a supplier in the Philippines (the “**Supplier**”) for the purchase of nickel ore (the “**Deposit**”). The Deposit is interest free and unsecured, and has been fully impaired as disclosed in the HY Results.
- (b) The Deposit paid by HK Silver was funded by Asiapac Growth Holdings Ltd (“**Asiapac**”), a wholly-owned direct subsidiary of the Company which in turn holds a 70% direct shareholding interest in HK Silver. Pursuant to a facility agreement dated 18 March 2015 entered into between Asiapac and HK Silver (the “**Facility Agreement**”), Asiapac agreed to extend funds of up to US\$3 million to HK Silver (the “**Funds**”) which are secured by:
 - (i) A personal guarantee from Mr Wang De Zhou (“**WDZ**”) (who is a director, the chief executive officer and a minority shareholder of HK Silver and who is the owner of the Supplier), and personal guarantees from Mr Wang De Wei and Mr Wang Jun Zhe (who are minority shareholders of HK Silver and who are family members of WDZ), (collectively the “**Guarantees**”); and
 - (ii) A pledge of shares (the “**Share Pledge**”) in a mining company which owns nickel ore mining concessions in Indonesia and which is majority owned by WDZ.

Under the terms of the Facility Agreement, Asiapac is also entitled to 20% per annum (net of any applicable withholding tax) of the amount of the Funds (in the form of interest or dividends) in accordance to the payment schedule stipulated under the Facility Agreement (the “**Minimum Cost of Funding**”). The Minimum Cost of Funding is also secured by the Guarantees and the Share Pledge.

- (c) WDZ had proposed a repayment plan to the Group of which the first instalment of US\$50,000 (equivalent to HK\$390,000) will be repaid by August 2019 and the quantum of subsequent instalments will increase and be repaid over a period of time depending on the level of shipment of nickel ore in the future (the “**Repayment Plan**”).
- (d) The viability of the Repayment Plan depended on the domestic and/or export sales of nickel ore mines owned by WDZ. The Board and the Management decided that if there was no material progress on the domestic and/or export sales of nickel ore by 30 September 2019, they will evaluate their options in relation to recoverability of the Deposit, including calling on the Guarantees and the Share Pledge.

Further to the Previous Announcements, the Board wishes to update shareholders that:

- (a) As at the date of this announcement, no payment has been received by the Group from WDZ under the Repayment Plan and there has not been any material progress on the domestic and/or export sales of nickel ore.
- (b) To recover the Deposit, the Board and the Management has decided to take immediate steps to enforce the Guarantees and the Share Pledge which were the securities provided to secure the, *inter alia*, the obligation to repay the Funds of US\$3 million extended by Asiapac to HK Silver plus the Minimum Cost of Funding. The Company is in the midst of determining the quantum of the Minimum Cost of Funding.
- (c) Based on preliminary legal advice, the first step is to issue a letter of demand to HK Silver demanding for repayment of the Funds plus the Minimum Cost of Funding. If HK Silver does not make the repayment in full within 7 days from the date of receipt of the letter of demand, the Group will commence legal proceedings against the guarantors under the Guarantees and the pledgors under the Share Pledge to enforce these securities and recover the Funds plus the Minimum Cost of Funding.
- (d) The Group is in the process of appointing Singapore and Indonesia legal advisors to assist and advise on the issue of the letter of demand as well as the enforcement of the Guarantees (which are governed by Singapore law and Indonesia law) and the Share Pledge (which is governed by Indonesia law).

The Company will make further announcements to update its shareholders when there are material updates as may be necessary or appropriate.

BY ORDER OF THE BOARD

Mr Cheung King Kwok
Independent Non-Executive Chairman

9 October 2019

*This announcement has been prepared by Joyas International Holdings Limited (the “**Company**”) and its contents have been reviewed by the Company’s Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

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

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