

JOYAS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda)
(Company Registration Number 38991)

ACQUISITION OF 51% EQUITY INTEREST IN TOPPING TACT LIMITED AND ENTRY INTO A JOINT COOPERATION AGREEMENT

1. Introduction

The Board of Directors (the “**Board**”) of Joyas International Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that:

- (a) the Company had on 13 July 2021, through its wholly-owned subsidiary, Asiapac Growth Holdings Limited (“**Asiapac**”), entered into a bought and sale note (“**Bought and Sale Note**”) to acquire 5,100 ordinary shares (“**Sale Shares**”) in the share capital of Topping Tact Limited (“**TTL**”) representing approximately 51% of the total issued and paid-up share capital of TTL from Lo Siu Mei Juanna (the “**Vendor**”) (the “**Acquisition**”) at a consideration of HK\$5,100 (equivalent to approximately S\$888 based on an exchange rate of S\$1 : HK\$5.74 as at 12 July 2021) (the “**Consideration**”); and
- (b) following the Acquisition, Asiapac had on 13 July 2021, entered into a joint cooperation agreement with Cloud Network International Ltd (“**CNI**”) (the “**Joint Cooperation Agreement**”).

Following the completion of the Acquisition (the “**Completion**”), Topping Tact Limited is a 51% subsidiary of Asiapac and an indirectly owned subsidiary of the Company.

CNI had, on 13 July 2021, acquired the remaining 4,900 ordinary shares in the share capital of TTL representing approximately 49% of the total issued and paid-up share capital of TTL from the Vendor. Following CNI’s acquisition of 4,900 ordinary shares in the share capital of TTL, CNI holds the remaining 49% of the total issued and paid-up share capital share capital of TTL.

2. Rationale for the Acquisition

The Acquisition is in line with the Group’s intention to enter into a Joint Cooperation Agreement with CNI and the Group’s strategy to expand its business into foreign exchange (“**forex**”) investment by creating an additional and recurrent revenue stream through TTL with a view to achieve long-term growth which will enhance long-term shareholder value. The Board is of the view that the forex investment will not increase the Group’s risk profile as elaborated in Paragraph 9 of this announcement. Notwithstanding that, the Company will be seeking shareholder’s approval for a new diversification mandate, among others, including the forex investment and will update shareholders as and when appropriate.

3. Information on TTL and the Vendor

The information on TTL and the Vendor below was provided to the Company by the Vendor. In respect of such information, the Company and the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Company and the Board’s responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

Topping Tact Limited is a private company limited by shares incorporated in the Hong Kong Special Administrative Region on 19 July 2017 and has a total issued and paid-up share capital

of HK\$10,000 (equivalent to approximately S\$1,742 based on an exchange rate of S\$1 : HK\$5.74 as at 12 July 2021).

Prior to the Acquisition, TTL was principally operating in the business of forex investment.

Prior to the Acquisition, the Vendor was the sole shareholder and sole director of TTL.

As at the date of this announcement, the Vendor has resigned as the sole director of TTL and Mr Ong Chor Wei (“**Mr Ong**”) and Mr Long Zhenhua (“**Mr Long**”) have been appointed as directors of TTL. Mr Ong has been appointed as a nominee of the Company on the board of TTL as Mr Long and Mr Ong are business acquaintances and the Company believes that appointing Mr Ong on the board of TTL to work with Mr Long would be beneficial for the joint cooperation with CNI in TTL and to the Group.

Following the Acquisition and CNI’s acquisition of 49% of the total issued and paid-up share capital of TTL, the Vendor is no longer a shareholder and director of TTL.

The Vendor is an independent third party and is not related to any of the Directors or controlling shareholders of the Company and their respective associates. As at the date of this announcement, the Vendor does not have any interest in the shares of the Company.

4. Consideration for the Acquisition

The Consideration was arrived on a willing-buyer-willing-seller basis after arm’s length negotiations and taking into consideration:

- (a) the net tangible liability value based on the management accounts of TTL as at 31 December 2020 of approximately HK\$52,000 (equivalent to approximately S\$9,059 based on an exchange rate of HK\$1 : S\$5.74 as at 12 July 2021); and
- (b) the share capital of TTL.

The net tangible liability of TTL consisted of accumulated losses of approximately HK\$52,000 which was mainly due to losses from the date of incorporation of 15 November 2017 to 31 December 2020 mainly due to administrative expenses such as audit fee, bank account charges and company secretarial fees. The net loss of TTL for the year ended 31 December 2020 amounted to approximately HK\$7,000 and was due to administrative expenses as mentioned above.

The Consideration was satisfied wholly in cash.

No valuation was conducted for the purpose of the Acquisition given that the net assets of TTL and the Consideration are immaterial.

5. Information on CNI

The information on CNI below was provided to the Company by CNI. In respect of such information, the Company and the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Company and the Board’s responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

Cloud Network International Ltd is a company incorporated in the British Virgin Islands on 8 January 2018 and is in the business of investment holding.

Mr Zhang Long Jun is a 70% shareholder and a director of CNI while Mr Zhang Tong is a 30% shareholder and a director of CNI. Both Mr Zhang Long Jun and Mr Zhang Tong are ultimate

beneficial shareholders of CNI. CNI is controlled by Mr Zhang Long Jun. Mr Zhang Long Jun, Mr Zhang Tong and Mr Long are business partners.

Save as disclosed in this announcement, CNI, Mr Zhang Long Jun and Mr Zhang Tong are not related to any of the Directors or controlling shareholders of the Company and their respective associates. As at the date of this announcement, CNI, Mr Zhang Long Jun and Mr Zhang Tong do not have any interest in the shares of the Company.

Shareholders should note that CNI is not related to Cloud Network Holdings Limited, a substantial shareholder of the Company. As at the date of this announcement, Mr Long indirectly holds 5,000,000 ordinary shares in the share capital of the Cloud Network Holdings Limited, representing the entire issued and paid-up share capital of the Cloud Network Holdings Limited, through various intermediary entities. Mr Long is the sole director of Cloud Network Holdings Limited.

6. Principal Terms of the Joint Cooperation Agreement

According to the Joint Cooperation Agreement:

- (a) Asiapac shall:
 - (i) hold 5,100 ordinary shares in the share capital of TTL representing approximately 51% of the total issued and paid-up share capital of TTL;
 - (ii) nominate an accounting staff to prepare the books and record of TTL;
 - (iii) nominate a joint signatory to the bank accounts held by TTL; and
 - (iv) nominate up to 2 directors on the board of directors of TTL.
- (b) CNI shall:
 - (i) hold 4,900 ordinary shares in the share capital of TTL representing approximately 49% of the total issued and paid-up share capital of TTL;
 - (ii) nominate a general manager to supervise the operations and operate in the best interest of TTL;
 - (iii) nominate up to 2 directors on the board of directors of TTL;
 - (iv) nominate a joint signatory to the bank accounts held by TTL;
 - (v) provide a warranty that the shares held by CNI in TTL is not ultimately owned by Mr Long; and
 - (vi) any losses incurred by TTL, if any, shall be borne by CNI on yearly basis by way of deduction from the sharing of return due to CNI or by way of compensation to CNI.

Following the entry into the Joint Cooperation Agreement and the Acquisition, TTL will be investing in forex contracts using proprietary software licensed by a third party. The transactions undertaken by TTL will be performed by a software developed and licensed from the third party using market data, parameter and artificial intelligence. The software will be installed in a third-party server and connected to the trading platform by a broker.

CNI will raise funds from third party investors to finance the working capital of TTL and provide the software required for operations of the business by TTL.

7. Principal Terms of the Loan Agreement

Following the entry into the Joint Cooperation Agreement and the Acquisition, TTL will enter into a loan agreement with a regulated fund-based investor in Hong Kong, procured by CNI, to provide a loan to TTL (the “**Loan Agreement**”) primarily based on the following principal terms:

- (a) the proposed investor will provide an unsecured loan of up to HK\$20 million (equivalent to approximately S\$3.48 million based on an exchange rate of S\$1 : HK\$5.74 as at 12 July 2021) for a tenure of two years (the “**Loan**”);
- (b) the Loan provided by the proposed investor under the Loan Agreement will incur an interest rate of 50% of the gross returns. “**Gross return**” is defined as net proceeds from relevant forex investments less direct expenses;
- (c) the proposed investor shall provide a confirmation that the funds comply with the anti-money laundering rules under the relevant jurisdiction; and
- (d) TTL shall have absolute discretion to determine the gross returns.

The Loan will be utilised by TTL for the purpose of investment in forex contracts.

As the above terms are based on initial discussion and negotiation, the Company will update shareholders as and when appropriate if there are substantial changes to the final terms of the Loan Agreement from the terms as disclosed in this announcement.

8. Principal Terms of the License Agreement

Following the entry into the Joint Cooperation Agreement and the Acquisition, TTL will enter into a license agreement with a software company known as Kuai Network Finance Limited (“**KNF**”) (the “**License Agreement**”) for use of a proprietary software license for a period of 2 years.

KNF is incorporated in Hong Kong.

Based on the License Agreement, 25% of the gross return will be paid to KNF as license fees for the use of the software license. “**Gross return**” is defined as net proceeds from relevant forex investments less direct expenses, which TTL has the absolute discretion to determine. The arrangement of the License Agreement was based on the commercial negotiations between TTL and KNF, supported by KNF’s confidence in the performance of its proprietary software.

The sole director and sole shareholder of KNF is Mr Chen Qiang, who is an independent third party and a director of KNF.

KNF and Mr Chen Qiang are not related to any of the Directors or controlling shareholders of the Company and their respective associates. As at the date of this announcement, KNF and Mr Chen Qiang do not have any interest in the shares of the Company.

As the above terms are based on initial discussion and negotiation, the Company will update shareholders as and when appropriate if there are substantial changes to the final terms of the License Agreement from the terms as disclosed in this announcement.

9. Safeguards in relation to the Acquisition and the Joint Cooperation Agreement

The Board is of the view that the safeguards to the Group in connection with the Acquisition and the Joint Cooperation Agreement are set out below:

- (a) the Group is currently not contributing material funding to TTL, except for the subscription of share capital of approximately HK\$5,100. As such, the exposure to the Group in terms of cash flow is minimal;

- (b) CNI will bear all losses incurred by TTL. The Group was not able to obtain financial information from CNI to support its financial ability to assume all the losses to be incurred by TTL as CNI regards this as confidential information. In the event that CNI is unable to bear the losses incurred by TTL, TTL will be liable to the losses and the Group's losses will be limited to the capital contributions made by the Group to TTL as the Group did not contribute any other resources other than the capital contributions as disclosed above. Notwithstanding the foregoing, in the event that both CNI and TTL are unable to bear the losses incurred by TTL, TTL may have difficulty to continue as a going concern and the Group may not be able to successfully establish a market in the forex investment business;
- (c) no loan interest and license fees will be payable to the proposed investor and KNF respectively in the event of losses as the loan interest and license fees payable are based on share of gross returns; and
- (d) the Group will only be responsible for losses incurred up to the share capital of TTL.

CNI has expressed its willingness to assume all losses in TTL based on a *pro rata* profit sharing arrangement attributable to CNI which is effectively 12.25% of the gross return primarily for the following reasons:

- (a) CNI's risk will arise only if the software fails to perform and in the event that TTL incurs losses;
- (b) CNI considers the risk to be minimal to them due to their evaluation of software performance; and
- (c) the interest payable to the proposed investor and license fees payable to KNF by TTL are based on gross returns. As such, there will be no expenses incurred in the event of losses.

Nevertheless, the Group is of the view that the risk to the Group is minimal as the Group is only contributing the share capital and is legally liable for losses up to its share capital contribution in TTL. The Board is of the view that is in the best interest of the Company to acquire TTL and enter into the Joint Cooperation Agreement as the benefits as explained in Paragraph 2 outweighs the risk and cost.

10. Compliance with Interested Persons Transactions

CNI, Mr Zhang Long Jun, Mr Zhang Tong, Mr Long and Mr Chen Qiang are neither associates (as defined in the Catalyst Rules) nor related to any of the Directors or controlling shareholders of the Company and their respective associates. The Board hereby confirms that the Acquisition, Joint Cooperation Agreement, Loan Agreement and License Agreement are not interested person transactions as defined under Chapter 9 of the Catalyst Rules.

11. Non-Discloseable Transaction

As each of the relative figures in relation to the Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**") based on the audited financial statements of the Company for the financial year ended 31 December 2020 is less than 5%, the Acquisition constitutes a "Non-Discloseable Transaction" for the purposes of Chapter 10 of the Catalyst Rules. As such, the Acquisition does not require the approval of the shareholders of the Company.

Rule 1007(1) of the Catalyst Rules provides, *inter alia*, that if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 of the Catalyst Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalyst Rules.

Notwithstanding that the Acquisition is in relation to an acquisition of a loss-making asset, being TTL, as the absolute relative figure computed on the basis of Rule 1006(c) amounts to 5% or less and the net loss attributable to Sale Shares to be acquired amounts to 5% or less of the consolidated net loss of the Company, pursuant to Note 4.3(a) of Practice Note 10A of the Catalyst Rules, the Company is not required to announce the Acquisition.

Accordingly, this announcement is released by the Company on a voluntary basis and the disclosures are referenced from the disclosure requirements of a non-discloseable transaction under Chapter 10 of the Catalyst Rules.

12. Source of Funds for the Acquisition and Financial Impact

The Acquisition was funded by internal resources and is not expected to have any material impact on the Group's earnings per share and net tangible assets per share for the current financial year ending 31 December 2021.

13. Further announcements

The Acquisition will not change the risk profile of the Group as the Group is not contributing material funding to TTL except for the subscription of shares capital of approximately HK\$5,100 as mentioned above. However, the Group expects that subsequent transactions that will be entered into by TTL may change the risk profile of the Group and will be seeking shareholders' approval for a proposed diversification of the Group's business into investment business and forex investment business (the "**Proposed Diversification**").

Further announcements will be made by the Company in relation to the Proposed Diversification as and when appropriate in due course.

14. Documents for Inspection

A copy of the Joint Cooperation Agreement and the Bought and Sold Note will be made available for inspection during normal business hours at the registered office of the Company at 35 Selegie Road #10-25 Singapore 188307 for a period of three (3) months from the date of this announcement.

In light of the COVID-19 advisories issued by the relevant authorities in Singapore, shareholders who wish to inspect these documents at the registered office of the Company are required to send an email request to admin@joyasint.com to make an appointment in advance. The Company will arrange a date when each shareholder can come to the registered office to inspect accordingly. The inspection of document will be arranged with each shareholder to limit the number of people who are present at the registered office at any one point in time and such arrangements are subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities in Singapore from time to time.

15. Directors' and Controlling Shareholders' Interest

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition other than through their respective shareholdings in the Company.

BY ORDER OF THE BOARD

Mr Ong Chor Wei
Non-Executive Deputy Chairman

13 July 2021

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.

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