JOYAS INTERNATIONAL HOLDINGS LIMITED

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

PROPOSED DISPOSAL OF JOYAS GROUP LIMITED

1. INTRODUCTION

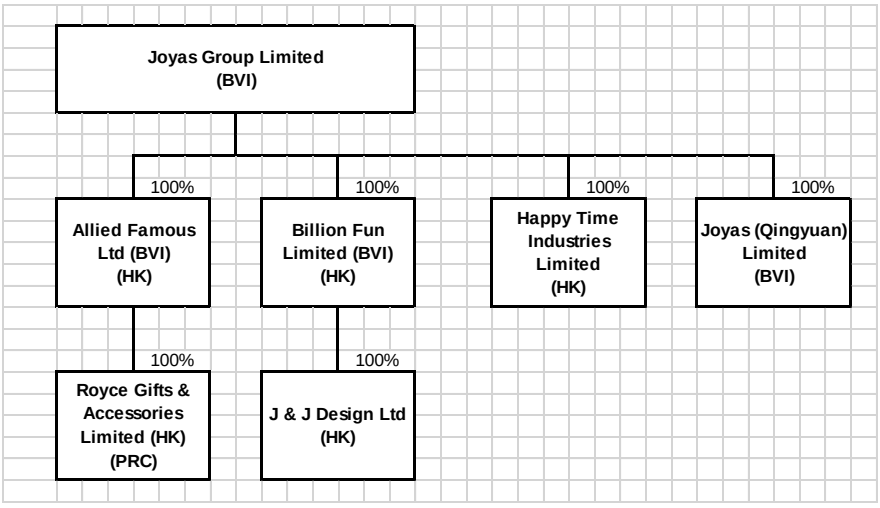
The Board of Directors (the "**Board**") of Joyas International Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 25 May 2017 entered into a Sale and Purchase Agreement ("**SPA**") for the sale and disposal by the Company of 100% of the issued and paid-up share capital of Joyas Group Limited (the "**Disposal Company**" and together with its subsidiaries, the "**Disposal Group**") to Lam Kam Yin (the "**Purchaser**") (the "**Proposed Disposal**").

Upon completion of the Proposed Disposal, the Disposal Company will cease to be a subsidiary of the Company and the jewellery and metal gifts business division would no longer form part of the Group. Upon completion of the Proposed Disposal, the Company's businesses will comprise the nickel distribution and trading business, and the financing business.

2. INFORMATION RELATING TO THE DISPOSAL GROUP

The Disposal Company is a private limited company limited by shares incorporated in the British Virgin Islands (the "**BVI**"). As at the date of this Announcement, the Disposal Company has an issued and paid-up capital of US$7,000, comprising of 7,000 ordinary shares (the "**Sale Shares**"). As at the date of this announcement, the Disposal Company is wholly-owned by the Company.

The principal business activity of the Disposal Company is investment holding and is the holding company for the Group's jewellery and metal gifts business. As at the date of this announcement, the Disposal Company is the holding company of four (4) indirect wholly-owned subsidiaries and the group structure of the Disposal Group is as shown below.



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

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

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

Joyas (Qingyuan) Limited is a private limited company limited by shares incorporated in the BVI and is principally engaged in the business of manufacturing and trading of mini metallic products in the People's Republic of China.

The Disposal Company 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.

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.

4. CONSIDERATION

The consideration for the Proposed Disposal is HK$15 million (the "**Consideration**"). The Consideration was arrived at on a willing-buyer-willing-seller basis, after taking into account, among others, the following:

(i) the unaudited net tangible liability ("**NTL**") value excluding non-controlling interests and the adjusted net tangible asset ("**Adjusted NTA**") value[1] of the Disposal Group of approximately negative HK$19.0 million and approximately HK$29.6 million respectively as at 31 December 2016;

(ii) the increase in the 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;

(iii) the unaudited loss of approximately HK$8.0 million of the Disposal Group in the financial year ended 31 December 2016 ("**FY2016**");

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

(iv) 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 FY2016 (the "**Revaluation Surplus**"), bank loans of approximately HK$4.3 million;

(v) the estimated realisable value of the assets and liabilities if the Company had undertaken a voluntary liquidation of the Disposal Group, net of the consequential costs arising thereof such as legal and professional 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

(vi) 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 will pay the Consideration in cash based on the following payment schedule:

(i) HK$3.0 million on the date of completion of the Proposed Disposal (the "**Completion Date**");

(ii) HK$6.0 million on the date falling 12 months after the Completion Date; and

(iii) HK$6.0 million 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 Purchaser 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 Vendor 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.

5. RATIONALE

Since FY2012, the Disposal Group has been loss-making. The Group's share of losses attributable to the Disposal Group i.e. the results of the Group's jewellery and metal gifts business accounted for approximately 58.0% of the Group's net loss in FY2016.

Market conditions for the Group's jewellery and metal gifts business have been increasingly challenging, as competitors from the People's Republic of China and overseas markets continue to exert pressure on the profit margins and pricings of the jewellery and metal gifts products. The Group's jewellery and metal gifts business is highly dependent on demand from overseas markets, which has remained weak in the past few financial years.

In view of the weak financial performance of the Group's jewellery and metal gifts business, the challenging market conditions and the uncertainty that the Group's jewellery and metal gifts business faces, the Board believes that the Disposal Group 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:

(i) dispose of an underperforming asset for valuable consideration;

(ii) rationalise its financial and capital resources;

(iii) focus on its nickel distribution and trading business, and its financing business;

(iv) strengthen its balance sheet; and

(v) 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, 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. 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.

6. SALIENT TERMS OF THE SPA

Conditions Precedent

The Proposed Disposal is conditional upon the following conditions precedent:

(i) the Company obtaining such approval(s) from the Board, shareholders of the Company ("**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;

(ii) an indirect subsidiary of the Disposal Company, namely, Royce Gifts & Accessories Limited 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;

(iii) there is no breach by the Company of its representations, warranties and undertakings contained in the SPA;

(iv) each of the representations, warranties and undertakings remaining true and not misleading in any respect at completion of the Proposed Disposal, as if repeated on the Completion Date and at all times between the date of the SPA and the Completion Date; and

(v) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated thereunder having been obtained by the Company and/or Disposal Group, and such consents, approvals and waivers not having been amended or revoked before the Completion Date, 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 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.

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 Adjusted NTA value (assuming the Company discharges the Disposal Company's obligations to repay HK$34.6 million of the Inter-Company Loan (as defined below) which is subject to completion of the Proposed Disposal and approximately HK$14.0 million 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.

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 approximately 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. The Inter-Company Loan will be written-off by the Company on or prior to the completion of the Proposed Disposal.

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.

Governing Law

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

7. VALUE 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 was valued by comparison approach. Comparison approach consists of, among others, comparisons based on prices realised of comparable properties. Comparable properties of similar size, character and location are selected and then analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

8. FINANCIAL INFORMATION ON THE PROPOSED DISPOSAL

Based on the unaudited consolidated financial statements of the Company for FY2016 announced by the Company on 1 March 2017, the net loss (before income tax, minority interests and extraordinary items) attributable to the Disposal Group was approximately HK$8.0 million.

Upon completion of the Proposed Disposal, the Group is expected to record a loss on disposal of approximately HK$0.6 million.

The unaudited NTL value of the Disposal Group as at 31 December 2016 was approximately negative HK$19.0 million. As elaborated in section 4(i) of this announcement, 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 of the Disposal Group as at 31 December 2016 would be approximately positive HK$29.6 million.

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

NTA/NTL Used	**NTA/(NTL) Value (HK$' million)**	**Excess/(Deficit) of Net Proceeds (HK$' million)**
Unaudited NTL value	(19)	34
Adjusted NTA value	29.6	(14.6)
Unaudited NTA value taking into account only the discharge of the Inter-Company Loan	15.6	(0.6)

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.

9. 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 HK$1: S$5.61 as at the date of this announcement). 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.

The Company will make periodic announcements on the use of Net Proceeds from the Proposed Disposal as and when funds are materially disbursed, as well as provide status reports on the use of Net Proceeds and where such proceeds have been used for working capital, a breakdown with specific details on how the proceeds have been applied from the Proposed Disposal in the Company's annual reports as well as the interim and full-year financial statements until such time the Net Proceeds have been fully utilised.

10. FINANCIAL EFFECTS

The *pro forma* financial effects of the Proposed Disposal on the NTA per share and the loss per share of the Group have been prepared based on the unaudited consolidated financial statements of the Company for FY2016 announced by the Company on 1 March 2017.

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.

NTA per share

	Before completion of the Proposed Disposal	**Assuming completion of the Proposed Disposal at the end of FY2016**
NTA (HK$ million)	44.2	43.6
Weighted average number of ordinary shares in issue ('000	1,016,689	1,016,689
NTA per Share (HK cents)	4.35	4.29

Earnings/(Loss) per share

	Before completion of the Proposed Disposal	Assuming completion of the Proposed Disposal at the beginning of FY2016
Loss attributable to Shareholders (HK$ million)	13.8	6.4
Weighted average number of ordinary shares in issue ('000)	1,016,689	1,016,689
Loss per Share (HK cents)	1.4	0.6

11. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Disposal, computed on the bases set out in Rule 1006 of the Catalist Rules and based on the unaudited financial statements of the Group for the FY2016 announced on 1 March 2017, are set out below**:**

Rule 1006 of the Catalist Rules	Description	Relative figures
(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 of the assets to be disposed of, compared with the Group's net asset value.	67.0%(2)
(b)	The net loss attributable to the assets acquired or disposed of, compared to with the Group's net loss.	58.0%(3)
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	23.3%(4)
(d)	The 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(5)
(e)	The aggregate volume or amount proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable(6)

Notes:

(1) The unaudited NTA value of the Disposal Group as at 31 December 2016 was approximately negative HK$19.0 million while the Group's net asset value was approximately positive HK$44.2 million as 31 December 2016.

(2) The adjusted NTA value of the Disposal Group as at 31 December 2016 of approximately HK$29.6 million represents approximately 67.0% of the Group's net asset value of approximately HK$44.2 million as 31 December 2016.

(3) The net loss attributable to the Disposal Group of approximately HK$8.0 million for FY2016 represents approximately 58.0% of the Group's net loss of approximately HK$13.8 million for FY2016.

(4) 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 on the Company's issued and paid up capital of 1,913,776,973 as at the date of this announcement. The exchange rate used is S$1: HK$5.61 as at 24 May 2017.

(5) The Proposed Disposal is a disposal of assets and no equity securities are being issued by the Company as consideration for the Proposed Disposal.

(6) The Company is not a mineral, oil and gas company.

As two of the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 50%, the Proposed Disposal constitutes a "Major Transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal will be subject to approval by Shareholders in a Special General Meeting to be convened.

12. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

13. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal and no service contracts in relation thereto is proposed to be entered into by the Company.

14. SPECIAL GENERAL MEETING, CIRCULAR TO SHAREHOLDERS AND FURTHER ANNOUNCEMENTS

The Company will convene a Special General Meeting to seek the approval of Shareholders for the Proposed Disposal, and a circular to Shareholders containing, among others, further information on the Proposed Disposal and the Notice of Special General Meeting will be despatch to Shareholders in due course.

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

15. DOCUMENTS 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 announcement:

(i) the SPA; and

(ii) the Property Valuation Report in respect of the valuation of the Property.

16. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company should note that the Proposed Disposal is subject to the fulfilment of certain conditions precedent, including but not limited to the approval of Shareholders in general meeting.

Shareholders and potential investors of the Company are advised to exercise caution when dealing or trading in the shares of the Company. In particular, Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Lau Chor Beng, Peter
Managing Director

25 May 2017

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*This announcement has been prepared by Joyas International Holdings Limited (the "**Company**") and its contents have been reviewed by 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 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.