

JOYAS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Registration No. 38991)

(the “Company”)

CLARIFICATION ON THE ANNUAL REPORT FOR FY2013

In response to the request of Singapore Exchange Securities Trading Limited (the “SGX-ST”) for clarification on 24 April 2014, the Board of Directors (the “Board”) of Joyas International Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) wishes to provide the following information in relation to its annual report (“Annual Report”) for the financial year ended 31 December 2013:

Question 1: Listing Rules 715(2) and 716 require an issuer to engage a suitable auditing firm for its subsidiaries and associated companies. We note on page 40 of the Annual Report that BDO LLP is the Company’s auditor, however the Company has engaged BDO Limited, Hong Kong for its subsidiaries for the purpose of the consolidated financial statements of the Group. Please disclose whether the Company complies with Rule 715 or 716 in relation to its appointment of auditing firms. In respect of this, please disclose whether and why the Board and Audit Committee are satisfied that such appointment would not compromise the standard and effectiveness of the audit of the Company and the basis for their views.

Response: The Board wishes to clarify that BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore are joint auditors of the Company.

The Board and the Audit Committee of the Company have taken into account (i) the adequacy of the resources and experience of BDO Limited and the audit engagement partner assigned to the audit; (ii) other audit engagements of BDO Limited; (iii) the size and complexity of the Company and its subsidiaries and associated companies being audited; and (iv) the number and experience of supervisory and professional staff assigned to the audit.

In light of the above, the Audit Committee and the Board are satisfied that the appointment of BDO Limited and BDO LLP to act jointly as auditors of the Company would not compromise the standard and effectiveness of the audit of the Company, and would like to confirm that the Company has complied with Rules 715 and 716.

Question 2: Guideline 11.3 of the Code of Corporate Governance 2012 (the “Code”) states that the Board should comment in the Company’s Annual Report on whether it has received assurance from the chief executive officer (“CEO”) and the chief financial officer (“CFO”):-

- a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company’s operations and finances; and
- b) regarding the effectiveness of the company’s risk management and internal control systems.

Please explain the reason(s) for the deviation from the recommendation.

Response: With reference to the Company’s disclosure on page 57 of the Annual Report, the Board wishes to clarify and confirm that it has received assurance from the Managing Director and the Accounting Manager that the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances.

The Board and the Audit Committee of the Company have also reviewed the adequacy and effectiveness of the Group’s internal controls and, based on the assurance received from the Managing Director and the Accounting Manager, are of the opinion that the Group’s internal controls,

including financial, operational, compliance and information technology controls, and risk management systems, are adequate to meet the needs of the Group as at 31 December 2013. The Company will review the adequacy and effectiveness of its internal controls on an on-going basis and address any specific issues or risks whenever necessary.

Question 3: On Page 61, it was disclosed that S\$320,000 was used for working capital purposes. Please provide the specific details and breakdown on how the working capital was deployed.

Response: With reference to the Company's disclosure on page 61 of the Annual Report, the Board wishes to clarify that administrative expenses, which the amount of S\$320,000 of net proceeds utilised for general working capital is used for, include: (i) professional expenses, such as the fees of auditors and legal advisers; (ii) wages and salaries; and (iii) office expenses.

By Order of the Board

Lau Chor Beng, Peter
Managing Director

25 April 2014