Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Joyas International Holdings Limited

Stock code: E9L

Meeting details:
Date: 28 April 2021
Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The company noted that there has been no progress in the group's nickel ore trading business in Philippines or Indonesia and no payment had been recovered in respect of the deposit of approximately HK$24.4 million paid by the group in 2015 to a supplier in the Philippines for the purchase of nickel ore.

The group has decided to proceed with the necessary legal cause of action to recover all outstanding sums from all relevant parties including Mr. Wang De Zhou and the minority shareholders of HK Silver (including Mr.Wang Jun Zhe), as well as the charge of shares in a mining company, namely P.T. Shenniu Indonesia which owns a nickel ore mining concession in Indonesia.

Mr Wang De Zhou, a former director and former chief executive officer and also the owner of the supplier, had given his personal guarantee to the group, as did Mr Wang Jun Zhe, a minority shareholder of HK Silver.

(i) **Who is handling all the legal issues for the group? Can the company map out a timeline to help shareholders understand the progress to be made in recovering the deposit?**

(ii) **How long does it take for the company's lawyers in Indonesia to obtain a Court Decision to start the enforcement?**

(iii) **Has management checked on the financial and operating status of P.T. Shenniu Indonesia? If so, please update shareholders accordingly.**

(iv) **Can the company engage a professional firm to conduct a financial check on the guarantors to allow the company to assess the potential recovery from the guarantors in Singapore as soon as possible?** This will allow the company to proceed with the legal cause of action in Singapore.

(v) **When was the last time the group communicated with Mr Wang De Zhou? What is the relationship with Mr Wang De Zhou?**

Q2. In addition, as noted in the statement of the chairman, the group is actively exploring the acquisition of a new business and is in negotiation with several potential targets.

(i) **How is the group carrying out the search? Can the board help shareholders understand the industries and the geographical areas being considered?**

(ii) **What are the investment criteria used by the board?** The group has accumulated losses of HK$(121.8) million as at 31 December 2020.

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Separately, for the group's current financing business, the prospects are severely limited due to the relatively small working capital base. The loans amount to HK$16.3 million and are concentrated in 3 lenders (page 36).

Country	Nature of business of borrowers	Maturity date	Interest rate 2020	Interest rate 2019	Principal amount of the loan 2020	Principal amount of the loan 2019
			%	%	HK$'000	HK$'000
At amortised cost:						
British Virgin Islands	Investment company	Revolving in nature	12	12	5,000	5,000
Hong Kong	Purchasing of consumer debt folio & manage and recover debt	Revolving in nature	12	12	5,000	5,000[1]
Hong Kong	Personal	Revolving in nature	12	12	7,500	7,500
Less: Impairment loss for the financial year					(1,244)	(359)
					16,256	17,141

The loans and advances are denominated in HKD.

[1] This relates to loan to a related party in which a subsidiary's director is also a deemed shareholder of the entity. Following the resignation of the director from the subsidiary during the current financial year, the debtor is no longer a related party of the Group.

(Source: company annual report)

The loan of HK$5 million in principal amount, highlighted above, is disbursed to an entity related to Mr Wang De Zhou.

(iii) **Can the board/AC help shareholders understand how it had assessed the collectability of the loan?**

(iv) **Can management identify the borrowers or to provide shareholders with the profile of the other two borrowers?**

Q3. On 7 April 2021, the company announced that there are material variances between the unaudited results (first announced by the company on 27 February 2021) and the audited financial statements for FY2020 after the finalisation of audit.

The announcement of material variances came nearly 6 weeks after the company first announced its unaudited results.

Following the finalisation of audit, loss for the year increased by 52% to HK$(2.582) million. Reasons for the changes include the reclassification of "Pledged bank deposits" in the Unaudited Financial Statements to "Cash and Bank balances" in the Published Financial Statements, and the reclassification of other borrowings (a callable loan) from non-current liabilities to current liabilities.

In fact, the company had to report material variances between the unaudited and the audited full year financial statements for the past 5 financial years, i.e. for the financial years ended 31 December 20**20**, 31 December 20**19**, 31 December 20**18**, 31 December 20**17** and 31 December 20**16**.

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Date & Time	Issuer Name	Security Name	Title	Category
07 Apr 2021 08:13 PM	JOYAS INTERNATIONAL HLDGS LTD	JOYAS INTERNATIONAL HLDGS LTD	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements
07 Apr 2021 08:13 PM	JOYAS INTERNATIONAL HLDGS LTD	JOYAS INTERNATIONAL HLDGS LTD	Financial Statements and Related Announcement::Auditor's Comments of Accounts	Financial Statements
09 Apr 2020 12:14 PM	JOYAS INTERNATIONAL HLDGS LTD	JOYAS INTERNATIONAL HLDGS LTD	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements
09 Apr 2020 12:13 PM	JOYAS INTERNATIONAL HLDGS LTD	JOYAS INTERNATIONAL HLDGS LTD	Financial Statements and Related Announcement::Auditor's Comments of Accounts	Financial Statements
04 Apr 2019 07:08 PM	JOYAS INTERNATIONAL HLDGS LTD	JOYAS INTERNATIONAL HLDGS LTD	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements
04 Apr 2019 07:07 PM	JOYAS INTERNATIONAL HLDGS LTD	JOYAS INTERNATIONAL HLDGS LTD	Financial Statements and Related Announcement::Auditor's Comments of Accounts	Financial Statements
03 Apr 2018 07:46 PM	JOYAS INTERNATIONAL HLDGS LTD	JOYAS INTERNATIONAL HLDGS LTD	Financial Statements and Related Announcement::Auditor's Comments of Accounts	Financial Statements
03 Apr 2018 07:45 PM	JOYAS INTERNATIONAL HLDGS LTD	JOYAS INTERNATIONAL HLDGS LTD	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements
07 Jun 2017 08:08 PM	JOYAS INTERNATIONAL HLDGS LTD	JOYAS INTERNATIONAL HLDGS LTD	Financial Statements and Related Announcement::Auditor's Comments of Accounts	Financial Statements
07 Jun 2017 08:07 PM	JOYAS INTERNATIONAL HLDGS LTD	JOYAS INTERNATIONAL HLDGS LTD	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements

(Source: www.sgx.com)

(i) **How can shareholders get assurance from management that the financial statements are prepared in accordance with the relevant Act and financial reporting standards?**

(ii) **Has the audit committee (AC) evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**

(iii) **Is the company (and its officers) familiar with the International Financial Reporting Standards ("IFRS")?**

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(iv) **Would the members of the AC help shareholders understand their personal recent and relevant accounting or related financial management expertise or experience that would make them appropriately qualified to discharge their responsibilities?**

(v) **Specifically, what was the level of involvement by the AC chairman and each of the AC members in the preparation of the financial statements?** The AC comprises Cheung King Kwok (Chairman), Ong Chor Wei, Lim Siang Kai (resigned as a director on 31 March 2021) and Cheung Yin.

(vi) **Can the AC update shareholders on the improvements made/to be made to the group's financial reporting systems and processes?**

(vii) **What guidance has the sponsor given to the company to improve on its financial reporting?**

(viii) **Given the disclaimer of opinion and the material uncertainty related to going concern, has the board considered if it would be necessary to suspend the trading of the securities of the company on SGX-ST in the interest of maintaining a fair, orderly and transparent market?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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