

# Joyas International Holdings Limited

(Incorporated in Bermuda)  
(Company Registration Number 38991)

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## SPECIAL REVIEW REPORT

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

- (a) the announcement made by the Company on 28 January 2019 in relation to, *inter alia*, the disposal of shares in PT Global Linker Indonesia (the “**28 January 2019 Announcement**”);
- (b) the announcement made by the Company on 29 March 2019 in relation to, *inter alia*, the Company’s responses to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on the 28 January 2019 Announcement (the “**29 March 2019 Announcement**”);
- (c) the announcement made by the Company on 6 June 2019 in relation to, *inter alia*, the appointment of an independent reviewer; and
- (d) the announcement made by the Company on 11 November 2020 in relation to, *inter alia*, the resignation of Mr. Wang De Zhou (“**Mr Wang**”) as the Managing Director and Director of Hong Kong Silver Basic Group Limited (“**HK Silver**”) (“**11 November 2020 Announcement**”).

With reference to the Company’s responses to SGX queries as set out in the 29 March 2019 Announcement, and in view that the Disposal (as defined below) had been effected without prior approval from the Board and the HK Silver Board (as defined below), the Company had announced on 6 June 2019 that it had appointed Zhonghui Anda Risk Services Limited as the independent reviewer to, *inter-alia*, understand the facts and circumstances surrounding the Disposal (as defined below), adequacy of controls of the Company, and to strengthen the Group’s policies and procedures further. For avoidance of doubt, the independent review is not to be considered a special audit.

The Board wishes to announce that the independent reviewer, Zhonghui Anda Risk Services Limited, had completed the review work and had, on 22 January 2021, issued its report (the “**Special Review Report**”) setting out, *inter alia*, its findings on the internal controls, policies and procedures of the Group surrounding the Disposal (as defined below), and the compliance thereof. A copy of the Special Review Report is annexed to this announcement. Shareholders are advised to refer to the full text of the Special Review Report for further details.

### Background of the Disposal

As set out in the 28 January 2019 Announcement, the Company’s 70%-owned subsidiary, HK Silver, had on 10 October 2018 disposed of 15% of the issued and paid-up share capital of PT Global Linker Indonesia (“**PTGLI**”) to Fill Stone International Mining Corporation (“**Fill Stone**”) (the “**Disposal**”).

In an announcement dated 29 March 2019, the Company provided further information in response to SGX's queries on the Disposal including:

The delay in making the announcement regarding the Disposal was because the Company was not aware of the transaction until January 2019.

PTGLI has not been contributing revenue since its incorporation in June 2016 up to the date of this announcement. Its daily operations including funding are managed by Mr. Wang, who is a director and the Chief Executive Officer of PTGLI. He was also the Managing Director of HK Silver until his resignation on 11 November 2020.

The Disposal was carried out by Mr. Wang on his own initiative and he overlooked the need to seek prior approval of the Board of Directors of HK Silver (the "HK Silver Board") before executing the transaction. Mr. Wang had instructed his staff at PTGLI to send the pertinent transfer documents via email to HK Silver upon receipt of such documents from the Indonesia Authority in November 2018. However, due to file size and virus, HK Silver did not receive the file at that time. The same staff at PTGLI had soon resigned and left PTGLI for personal reason in December 2018 and hence there was no follow-up action from PTGLI side.

The management of the Company was made aware of the Disposal in January 2019 as the Disposal was discovered when audit commenced in PTGLI. As soon as the relevant transfer documents were received by HK Silver and the Company's management, the HK Silver Board passed the necessary board resolution to ratify the Disposal and steps were taken to release an announcement in relation to the Disposal. Prior to the Disposal, Mr. Wang and the Company's management were aware of the need for PTGLI to secure funding to continue its operations but no specifics were discussed.

The auditors were also provided with copies of the relevant transfer documents in January 2019. Under the Memorandum and Articles of HK Silver, directors have the authority to transact/operate the business of the company including sale of assets. Notwithstanding, the Group's policy and procedures require all acquisition or disposal of entities within the Group to have prior approval by the Board of the Company and Board of the relevant subsidiary which holds shares in such entity.

### **Recommendations and Next Steps**

As set out in the Special Review Report, the independent reviewer recommended the following improvements in internal controls arising from its review and assessment:

*"The key management, i.e. the directors at the subsidiary level involved in executive functions, had been made aware of the Group's authorisation limit as well as the policy and procedures for acquisition/disposal transactions ("Transactions Policy"). It is recommended that the acquisition/disposal of shares by a subsidiary is required to be discussed with the Board of Joyas at preliminary stage of transaction before obtaining final approval from the Board of Joyas. The acquisition/disposal of shares by a subsidiary will require that an authorised representative from the Board of Joyas be a signatory of the relevant documents before such transactions can be legally executed by the subsidiary. Management of the Company is encouraged to communicate at least semi-annually with key management through meetings and sending reminders regarding the Transactions Policy in multiple languages, such as English, Chinese or any other languages that the key management is familiar with, upon request, to ensure that all key management and staff are aware of the importance of adhering to the Policy. The abovementioned communication between the Management*

*of the Company and the key management should be continuously performed in written form by requiring key management to sign on the minutes of the relevant meetings at which they were briefed/reminded on the Transactions Policy, or by requesting a reply by email from the key management as acknowledgement on reminders sent by the Management of the Company. Management of the Company is also encouraged to provide formal briefing and/or training on the Company's Transactions Policy and updates on SGX Catalist Rules to future management of the Company."*

The Board has adopted all the recommendations of the independent reviewer set out in their report.

As disclosed in the 11 November 2020 Announcement:

- (i) The Nominating Committee has recommended to the Board for Mr Wang to cease to be the Managing Director and Director of HK Silver and cease to hold all positions (executive and non-executive) in HK Silver.
- (ii) The reasons for the Nominating Committee's recommendations are, *inter alia*, that Mr Wang had initiated and executed the Disposal without seeking prior approval from the Board and the board of directors of HK Silver which is required pursuant to the Group's policies and procedures.
- (iii) Mr Wang has submitted a letter of resignation dated 10 November 2020 to HK Silver and has ceased to be the Managing Director and Director of HK Silver with effect from 11 November 2020.

Further to the 11 November 2020 Announcement, the Group wishes to clarify that Mr Wang has ceased to hold all positions (executive and non-executive) in HK Silver with effect from 11 November 2020.

In respect of Mr Wang's position held in PTGLI, which is now an associated company of the Group, the Group is unable to compel Mr Wang to resign as the chief executive officer of PTGLI as the Group does not hold a majority shareholding in PTGLI nor does the Group have a majority representation on the board of directors of PTGLI.

By Order of the Board of  
**Joyas International Holdings Limited**

Mr Lau Chor Beng, Peter  
Executive Director and Managing Director

25 January 2021

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*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.*

*The contact person for the Sponsor is Mr. Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.*