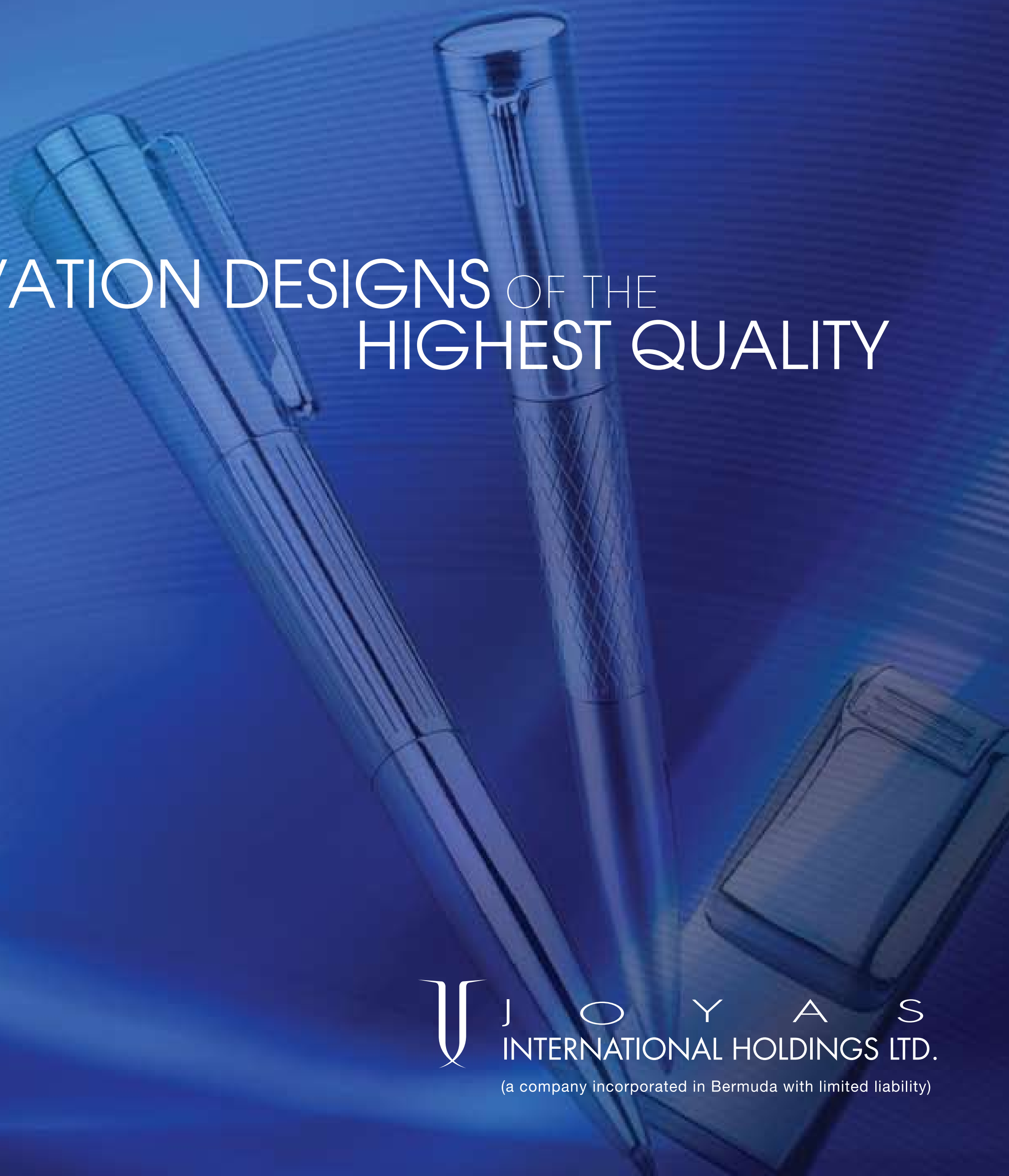
ANNUAL REPORT 2016



INNOVATION DESIGNS OF THE HIGHEST QUALITY

JOYAS INTERNATIONAL HOLDINGS LTD.

(a company incorporated in Bermuda with limited liability)

JOYAS
INTERNATIONAL HOLDINGS LTD.

CONTENTS

This annual report 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 annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Lau Chor Beng, Peter (Chairman and Managing Director) Ong Chor Wei (Deputy Chairman and Non-Executive Director) Kwok Chin Phang (Non-Executive Director) Cheung King Kwok (Lead Independent Non-Executive Director) Lim Siang Kai (Independent Non-Executive Director)
COMPANY SECRETARY	:	Gwendolyn Gn Jong Yuh, LLB (Hons)
DEPUTY COMPANY SECRETARY	:	Lui Mui Ching, BCom, CPA (Aust.), CPA
BERMUDA RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY	:	Appleby Services (Bermuda) Ltd. Canon's Court, 22 Victoria Street Hamilton HM12, Bermuda
AUDIT COMMITTEE	:	Cheung King Kwok (Chairman) Ong Chor Wei Lim Siang Kai
NOMINATING COMMITTEE	:	Cheung King Kwok (Chairman) Ong Chor Wei Lim Siang Kai
REMUNERATION COMMITTEE	:	Lim Siang Kai (Chairman) Cheung King Kwok Ong Chor Wei
REGISTERED OFFICE	:	Canon's Court, 22 Victoria Street Hamilton HM12, Bermuda
PRINCIPAL PLACE OF BUSINESS	:	Unit E, 12th Floor Kwai Shing Industrial Building, Phase 2 Nos. 42-46 Tai Lin Pai Road Kwai Chung, New Territories, Hong Kong Tel: (852) 2742 7667 Fax: (852) 2742 7666
COMPANY REGISTRATION NUMBER	:	38991
SINGAPORE SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
BERMUDA PRINCIPAL REGISTRAR AND TRANSFER AGENT	:	Appleby Management (Bermuda) Ltd. Canon's Court, 22 Victoria Street Hamilton HM12, Bermuda

JOINT AUDITORS	:	HLB Hodgson Impey Cheng Limited Certified Public Accountants 31/F Gloucester Tower The Landmark 11 Pedder Street, Central Hong Kong Partner-in-charge : Mr Davis Yu Chi Fat (since financial year 2016) Foo Kon Tan LLP Public Accountants and Chartered Accountants 24 Raffles Place #07-03 Clifford Centre Singapore 048621 Partner-in-charge : Mr Toh Kim Teck (since financial year 2016)
LEGAL ADVISORS TO THE COMPANY ON HONG KONG LAW	:	Vincent T. K. Cheung, Yap & Co. 11th Floor, Central Building 1-3 Pedder Street, Central Hong Kong
LEGAL ADVISERS TO THE COMPANY ON BERMUDA LAW	:	Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong
PRINCIPAL BANKERS	:	Chong Hing Bank Limited 18/F., Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong

STATEMENT OF THE CHAIRMAN

On behalf of the Board of Directors (the "**Board**"), I am pleased to present to you the Annual Report of Joyas International Holdings Limited ("**Joyas Int'l**", or the "**Company**") for the financial year ended 31 December 2016 ("**FY2016**").

In FY2016, Joyas Int'l and its subsidiaries (together the "**Group**") recorded lower revenue of approximately HK$81.6 million, decreasing by approximately HK$12.0 million or 12.8% as compared with the financial year ended 31 December 2015 ("**FY2015**"). The lower sales was attributable to (a) decrease in sale of nickel ore by approximately HK$879,000 or 3.1% to approximately HK$27.2 million in FY2016 in the People's Republic of China (including Hong Kong) (the "**PRC (including HK)**"); (b) decrease in sales of jewellery products by approximately HK$7.0 million or 31.9% to approximately HK$15.0 million in FY2016 due to decrease in demand from the Group's principal markets in United States of America (the "**USA**") and the PRC (including HK); and (c) decrease in sales of metal gift products by approximately HK$4.4 million or 10.2% to approximately HK$39.0 million in FY2016 attributable to lower orders from customers in the USA and PRC (including HK). During FY2016, the Group commenced its financing business with a revenue of approximately HK$336,000. Cost of sales decreased by 9.1% compared with FY2015 mainly attributed to decrease in turnover. Overall gross profit decreased by approximately HK$4.0 million or 72.1% compared to FY2015. Overall gross profit margin decreased to 1.9% in FY2016 by 4.1% mainly due to increase in costs from the metal gift factory as the Company commenced factory operation during the second half year of FY2016.

Comparing to FY2015, other income increased by approximately HK$2.0 million or 137.8% mainly attributed to increase in net exchange gains and sales of scrap materials. Selling and distribution costs increased by approximately HK$759,000 or 38.7%. This was due mainly to (a) higher transportation cost as the Group incurred air shipment costs to avoid delays; and (b) higher trade commission and licenses and declaration fee incurred by various companies recognised as subsidiaries (the "**New Subsidiaries**") in the Group during FY2016. Administrative expenses increased by approximately HK$4.3 million or 30.6% mainly attributed to (a) increase in staff costs and china social security tax and insurance paid by the New Subsidiaries; and (b) increase in salaries due mainly to reclassification of an ex-director of the Company and an ex-director of a subsidiary as staff. Such increase was partially offsetted by (a) decrease in bank charges due mainly to less bank loan transactions and renewal of banking facilities; (b) decrease in directors' emoluments due to less one executive director; (c) decrease in share option expenses; and (d) decrease in legal and professional fees of approximately HK$2.0 million in relation to the various fund raising activities by the Company during FY2015. Other operating expenses decreased by approximately HK$600,000 or 18.1% due mainly to loss on disposal of property, plant and equipment of approximately HK$3.2 million was recognised in FY2015 while there was none in FY2016. The decrease was offsetted by an increase in write-off of property, plant and equipment kept at supplier of approximately HK$1.5 million in FY2016 due to re-location of plant by its supplier from Shenzhen to Huizhou and increase in impairment of goodwill of approximately HK$0.6 million in FY2016. Finance costs increased by approximately HK$310,000 or 15.6% in FY2016 due mainly to interest arising from the issue of convertible bonds during FY2015. As a result, the Group had recorded a loss before taxation of approximately HK$21.4 million (FY2015: HK$14.5 million).

OUTLOOK

Metal gift products and jewellery products

The Group expects sales to remain weak in the next 12 months as the demand for such products are expected to be remain weak.

The Group will continue its efforts to promote sales, downsizing to cut costs and develop new and innovative designs of its products to enhance competitiveness.

As disclosed the Group's announcement dated 17 November 2016, the Group has decided to scale down its jewellery business. The Group may incur restructuring costs or dispose of its inventories at a loss. The Group is still in the process of scaling down.

As disclosed the Group's announcement dated 25 May 2017, due to the loss making position and the expected weak market, the Group has decided to dispose of a subsidiary, Joyas Group Limited and its subsidiaries. Upon completion of the proposed disposal, the jewellery and metal gifts business divisions would no longer form part of the Group.

Nickel ore

Up to the date of this annual report, the Group's supplier in Philippines has yet to obtain the export approvals due to new additional procedures from the relevant authorities. At the moment, it is difficult to ascertain when such export approvals can be obtained.

The Group's subsidiary, PT Global Linker Indonesia is waiting for the specific license to sell nickel ore domestically.

Recently, the Indonesian authorities have announced new procedures and requirements that nickel ore may be exported overseas. The Group is hopeful that if such procedures and requirements can be met, it will provide the Group a new source of revenue by selling nickel ore from Indonesia to overseas. The Group is in the process of understanding and arranging such procedures and requirements.

Financing business

Further to the acquisition of a subsidiary namely, CCIG Financial Services Limited in September 2016 with a Money Lenders License to operate a lending business in Hong Kong, the Group has commenced the lending business and expects the financing business to grow.

APPRECIATION

I would like to thank my fellow directors on the Board for their valued contributions. On behalf of the Board, I also wish to thank the management and staff for their dedication, commitment and contributions to the Group.

In additional, I would like to thank our value customers, business partners and suppliers for their continuing support, patronage and guidance. I would like to express my appreciation to shareholders for their continued support of Joyas Int'l.

Thank you.

Lau Chor Beng, Peter
Chairman
7 June 2017

FINANCIAL HIGHLIGHTS

	2016 HK$'000	2015 HK$'000
OPERATING RESULTS		
Revenue	**81,576**	93,577
Gross profit	**1,553**	5,572
Loss before taxation	**(21,397)**	(14,533)
Loss after taxation	**(21,706)**	(14,593)
Net loss attributable to the owners of the Company	**(11,140)**	(14,730)
Return on total assets (%)	**(9.40)**	(18.19)
Return on equity (%)	**(30.73)**	(62.94)
LOSS PER SHARE (HK CENTS) –		
Basic and diluted	**(1.10)**	(4.38)
FINANCIAL POSITION		
Total assets	**118,452**	80,984
Total bank and other debts	**36,333**	32,706
Shareholders' equity	**36,256**	23,405
Debt to equity ratio (times)	**1.00**	1.40
Cash and cash equivalents	**39,262**	20,383
CASH FLOWS		
Net cash used in operating activities	**(14,330)**	(24,576)
Cash and cash equivalents	**13,158**	13,846

FINANCIAL AND OPERATIONS REVIEW

OVERVIEW

Joyas International Holdings Limited and its subsidiaries (together the "**Group**") are principally engaged in the design, manufacture and sale of metal gift products and jewellery products (of which the Group subcontracts the manufacturing to independent third parties), nickel distribution and trading business and financing business during the year.

The Group designs premium metal gift products for its customers who are international, established brands and designer labels, and other corporations to be used as corporate gifts. The Group is also engaged in the co-development of new product designs with its customers, thereby enhancing its product range to meet the requirements and changing preferences of its sophisticated and brand conscious customer base. The Group also sells its own metal gift products under its proprietary brand name "**Argent**" through the Group's franchisees. The Group's metal gift products are exported mainly to Europe, the United States and Asia and are also sold through its franchisees' retail outlets in the People's Republic of China (the "**PRC**") and Hong Kong.

The Group is engaged in the design of jewellery products and subcontracts the manufacture of these jewellery products to independent third party subcontractors. The Group sells its jewellery products (in limited quantities not exceeding 12 pieces for each design) to jewellery agents and retailers overseas and in Hong Kong.

The Group is also engaged in buying of nickel ore from suppliers in South East Asia and selling of nickel ore to customers in Hong Kong and the PRC.

During the second half year of FY2016, the Group has commenced its financing business in Hong Kong.

PRODUCTS AND BRANDS

Metal Gift Products

The Group's metal gift products are designed in-house and substantially manufactured by the Group and comprise the following main categories:–

(a) *Fashion accessories*

Fashion accessories comprise items such as lipstick holders, compact mirrors, perfume atomizers, cufflinks, tie pins and smoking accessories.

(b) *Desk top accessories*

Desk top accessories comprise items such as writing instruments, writing pad holders, calculators, photo frames and computer accessories such as keyboards, mice and mouse pads.

(c) *Table top accessories*

Table top accessories comprise items such as candle stands, serving items and bar ware.

(d) *Time items*

Time items include desk clocks, travelling clocks, carriage clocks, functional clocks and pocket clocks.

Jewellery Products

The Group's customers for jewellery products are jewellery agents and retailers internationally. The jewellery products are designed by the Group while the manufacturing is subcontracted to independent third parties. The Group mainly uses South Sea pearls, diamonds, coloured stones and gold in its jewellery products.

OPERATING RESULTS

Statement of Comprehensive Income

Revenue

The Group's revenue decreased by approximately 12.8% from HK$93.6 million in the financial year ended 31 December 2015 ("**FY2015**") to approximately HK$81.6 million in FY2016.

Revenue	**FY2016**		FY2015		Year-on-year
	HK$'000	**%**	HK$'000	%	% change
Metal Gift Products	**38,988**	**47.8**	43,398	46.4	(10.2)
Jewellery Products	**15,046**	**18.4**	22,094	23.6	(31.9)
Nickel Ore	**27,206**	**33.4**	28,085	30.0	(3.1)
Financing Activities	**336**	**0.4**	–	–	100.0
Total	**81,576**	**100.0**	93,577	100.0	(12.8)

The decrease in revenue was attributable to:

(a) decrease in sale of nickel ore by approximately HK$879,000 or 3.1% to approximately HK$27.2 million in FY2016 mainly due to (i) decrease in sales in the People's Republic of China (including Hong Kong) (the "**PRC (including HK)**"); (ii) the Company's supplier in the Philippines is still waiting to get export approvals due to new additional procedures required from the relevant authorities; and (iii) the Company's new subsidiary namely, PT Global Linker Indonesia ("**PTGLI**") has yet to obtain the specific license to sell nickel ore domestically in Indonesia;

(b) decrease in sales of jewellery products by approximately HK$7.0 million or 31.9% to approximately HK$15.0 million in FY2016 mainly due to decrease in demand from the Group's principal markets in United States of America (the "**USA**") and the PRC (including HK); and

(c) decrease in sales of metal gift products by approximately HK$4.4 million or 10.2% to approximately HK$39.0 million in FY2016. This was mainly due to decrease in sales in the USA and PRC (including HK) attributable to lower orders from customers in the USA and PRC (including HK). The decrease was partially offsetted by increase in sales from Europe.

The group has commenced its financing business during the second half year of FY2016 which contributed to a revenue of approximately HK$336,000.

Cost of sales and gross profit

Cost of sales decreased by 9.1% from approximately HK$88.0 million in FY2015 to approximately HK$80.0 million in FY2016. The decrease in cost of sales was mainly due to decrease in turnover.

The overall gross profit margin decreased by 4.1% to 1.9% in FY2016 and the overall gross profit decreased by approximately HK$4.0 million or 72.1% to HK$1.6 million in FY2016. The decrease in gross profit was mainly due to lower sales from metal gift and jewellery products. The decrease in gross profit margin was mainly due to increase in costs from metal gift factory as the Group commenced factory operation during the second half year of FY2016.

Other income

Other income increased by 137.8% from approximately HK$1.4 million in FY2015 to approximately HK$3.4 million in FY2016. Such increase was mainly attributed to increase in net exchange gains and sales of scrap materials.

Selling and distribution costs

Selling and distribution costs increased by 38.7% from approximately HK$2.0 million in FY2015 to approximately HK$2.7 million in FY2016 mainly attributed to (a) higher transportation cost as the Group incurred air shipment costs to avoid delays; and (b) higher trade commission and licenses and declaration fee incurred by various companies recognised as subsidiaries (the "**New Subsidiaries**") in the Group during FY2016.

Administrative expenses

Administrative expenses increased by 30.6% from approximately HK$14.3 million in FY2015 to approximately HK$18.6 million in FY2016 mainly attributed to (a) increase in staff costs and china social security tax and insurance paid by the New Subsidiaries; and (b) increase in salaries due mainly to reclassification of an ex-director of the Company and an ex-director of a subsidiary as staff. Such increase was offsetted by (a) decrease in bank charges by approximately HK$272,000 due mainly to less bank loan transactions and renewal of banking facilities; (b) decrease in directors' emoluments by approximately HK$1.7 million due to less one executive director; (c) decrease in share option expenses by approximately HK$59,000; and (d) decrease in legal and professional fees of approximately HK$2.0 million in relation to the various fund raising activities by the Company during FY2015.

Other operating expenses

Other operating expenses decreased by approximately HK$600,000 or 18.1% from approximately HK$3.3 million in FY2015 to approximately HK$2.7 million due mainly to loss on disposal of property, plant and equipment of approximately HK$3.2 million was recognised in FY2015 while there was none in FY2016. Such decrease was offsetted by an increase in write-off of property, plant and equipment kept at supplier of approximately HK$1.5 million in FY2016 due to re-location of plant by its supplier from Shenzhen to Huizhou and increase in impairment of goodwill of approximately HK$0.6 million in FY2016.

Finance costs

Finance costs increased by approximately HK$310,000 or 15.6% in FY2016 due mainly to interest arising from the issue of convertible bonds during FY2015.

Loss before taxation

As a result of the above, the Group had recorded a loss before taxation of approximately HK$21.4 million (FY2015: HK$14.5 million).

Taxation

Income tax expense of approximately HK$309,000 was provided for the Hong Kong subsidiaries in FY2016 (FY2015: HK$60,000). The provision is mainly due to lower assessable profits for certain subsidiaries in FY2015.

Statement of Financial Position

Non-current assets

Non-current assets increased by approximately HK$561,000 from approximately HK$8.7 million as at 31 December 2015 to approximately HK$9.2 million as at 31 December 2016. The increase was mainly due to (a) increase in intangible assets acquired in a business combination of approximately HK$600,000; and (b) new additions of property, plant and equipment of approximately HK$1.3 million. Such increase was offsetted by (a) write-off of property, plant and equipment of approximately HK$1.5 million; (b) depreciation provided for property, plant and equipment for the year; and (c) decrease in goodwill. The decrease in goodwill was mainly due to write-off of goodwill for the acquisition of a subsidiary as the future profitability of the subsidiary is uncertain.

Current assets

Current assets increased by approximately HK$36.9 million from approximately HK$72.3 million as at 31 December 2015 to approximately HK$109.2 million as at 31 December 2016. The increase was mainly due to (a) increase in trade and other receivables of approximately HK$25.4 million mainly attributable to receivables from the financing and nickel ore business and increase in loan to related party in FY2016; and (b) increase in cash and cash equivalents due mainly to increase in pledged bank deposits of approximately HK$19.6 million attributable to financing the banking facilities at the end of FY2016. Such increase was partly offsetted by a write-down of inventories to net realisable value for the jewellery products by approximately HK$5.3 million.

Current liabilities

Current liabilities increased by approximately HK$24.7 million from approximately HK$37.4 million as at 31 December 2015 to approximately HK$62.1 million as at 31 December 2016. The increase was mainly due to (a) increase in trade and other payables of approximately HK$21.4 million mainly due to (i) higher trade payables for the nickel ore business and (ii) increase in non-trade amounts due to former subsidiaries of approximately HK$10.8 million; and (b) increase in bank and other borrowings of approximately HK$3.5 million. The increase in bank and other borrowings was mainly to finance the working capital for the trading of nickel ore and financing business.

Non-current liabilities

Non-current liabilities remained at approximately HK$20.1 million as at 31 December 2016 (31 December 2015: HK$20.2 million).

Liquidity and cash flow

During FY2016, the Group's net cash used in operating activities was approximately HK$14.3 million. This was mainly attributed to loss before working capital changes of approximately HK$11.4 million, increase in trade and other receivables of approximately HK$19.8 million offsetted by the increase in trade and other payables of approximately HK$16.5 million.

During FY2016, the Group's net cash generated from investing activities was approximately HK$2.0 million. This was mainly attributed to net of cash acquired from acquisition of subsidiaries of approximately HK$3.3 million, offsetted by an increase in acquisition of property, plant and equipment of approximately HK$1.3 million.

During FY2016, the Group's net cash generated from financing activities was approximately HK$11.5 million. This was mainly attributed to the proceeds from issuance of new shares upon rights issue and exercise of warrants during FY2016 of approximately HK$30.7 million. During FY2016, the Group had raised funds from bank and other borrowings of approximately HK$38.3 million. Repayment of bank and other borrowings amounted to approximately HK$34.8 million.

As a result of the above, the Group's net decrease in cash and cash equivalents was approximately HK$868,000 (FY2015: HK$2.3 million).

As at 31 December 2016, the Group had cash and cash equivalents of approximately HK$39.2 million (31 December 2015: HK$20.4 million), including fixed deposits of approximately HK$26.1 million (31 December 2015: HK$6.5 million) pledged to secure bank loans and other banking facilities granted to the Group. The Group's unutilised banking facilities as at 31 December 2016 was approximately HK$25.5 million (31 December 2015: HK$1.9 million).

BOARD OF DIRECTORS

Lau Chor Beng, Peter, Chairman and Managing Director, a co-founder of the Group, was appointed to the Board on 4 October 2006. Mr Lau is responsible for overall management and strategic planning of the Group and he leads the Group's dedicated design and development team. Mr Lau has over 34 years of experience in the metal gift and jewellery industry. Prior to joining the Group in 1991, he was one of the founders and directors of Charlene Manufacturing Limited (萊莉制品廠有限公司) and was responsible for the general management of the company. Mr Lau holds a Master of Metallurgy Engineering (材料工程碩士專業學位) from the University of Yanshan (燕山大學). He is a Fellow of the Council (Machinery and Metal Industry (Diecast)) of the Professional Validation Council of Hong Kong Industries and a Fellow Member of Asian Knowledge Management Association of the City University of Hong Kong. In 1992, Mr Lau was appointed as the Honourary Chairman of the Hong Kong Die-Casting Association and in 2003, he was appointed as the Metal Casting Technology Sub-committee Chairman of the Executive Committee of the Hong Kong Auto Parts Industry Association. In the year of 2004, he was appointed as V.C. Membership of Executive Committee of Society of Automotive Engineers in Hong Kong. He holds a doctorate in Engineering from the Lincoln University and he was awarded a Honourary FMBA from the Canadian Chartered Institute of Business Administration.

Mr Lau is due for re-election as Director at the forthcoming Annual General Meeting of the Company ("**AGM**").

Kwok Chin Phang, Non-Executive Director, was appointed to the Board on 13 May 2011. Mr Kwok was last re-elected to the Board in April 2015. Mr Kwok is currently an executive director of Net Pacific Financial Holdings Limited (a company listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Mr Kwok is also a non-executive director of Zibao Metals Recycling Holdings Plc (a company trading on AIM, a market operated by the London Stock Exchange Plc). Mr Kwok was under the employment of Nomura Singapore Limited from May 1994 to June 2009 and has more than 17 years of experience in the investment banking industry. He has extensive experience in the areas of capital market, corporate advisory and merger and acquisitions. Mr Kwok graduated from King's College, University of London, with Bachelor of Engineering Degree (First Class Honours) in Electrical and Electronic Engineering.

Ong Chor Wei, Deputy Chairman and Non-Executive Director, was appointed to the Board on 21 December 2007. Mr Ong was last re-elected to the Board in April 2016. Mr Ong is currently on a part-time basis an executive director of Zibao Metals Recycling Holdings Plc (a company trading on AIM, a market operated by the London Stock Exchange Plc) and an executive director of Net Pacific Financial Holdings Limited (a company listed on the SGX-ST). Mr. Ong is also an independent non-executive director of Nameson Holdings Limited (Stock Code: 1982), Man Wah Holdings Limited (Stock Code: 1999), O-Net Technologies (Group) Limited (Stock Code: 877) and Denox Environmental & Technology Holdings Limited (Stock Code: 1452) respectively, all of which are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). Previously, Mr Ong was a non-executive director of Hong Wei (Asia) Holdings Company Limited (Stock Code: 8191) (a company listed on the Growth Enterprise Market of the SEHK) from 2013 to 2016. Mr Ong was also the non-executive director of Jets Technics International Holdings Limited (a company listed on the SGX-ST) from 2004 to 2013. Mr Ong has over 26 years of experience in finance and accounting. He holds a Bachelor of Laws degree from The London School of Economics and Political Science, University of London. He also holds a distance learning degree in Masters in Business Administration jointly awarded by The University of Wales and The University of Manchester. Mr Ong is an associate member of The Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants.

Cheung King Kwok, Independent Non-Executive Director, was appointed to the Board on 21 December 2007. Mr Cheung was last re-elected to the Board in April 2014. Mr Cheung is currently the managing director of DJS Financial Management Pte Ltd, a company which provides corporate training and financial consultancy services. Mr Cheung is also an independent director of Net Pacific Financial Holdings Limited (a company listed on the SGX-ST). From 2004 to 2013, Mr Cheung had served as an independent director of Jets Technics International Holdings Limited (a company listed on the SGX-ST). In 1991, Mr Cheung joined The Grande Holdings Limited ("**Grande**") (a company listed in the SEHK) as its chief financial officer of one of its division where he was in charge of financial and treasury management. From 1992 to 1997, Mr Cheung was the Finance Director of Grande, in charge of financial and treasury management, mergers and acquisitions. From 1997 to 2001, Mr Cheung was the executive director of Grande where he was responsible for management, strategic planning and corporate restructuring. He was also appointed directors of various listed subsidiaries of Grande, including Lafe International Holdings Limited (now known as Lafe Corporation Limited) (a company listed on the SGX-ST). From 1984 to 1990, Mr Cheung was an audit manager and senior audit manager of Coopers and Lybrand where he carried out audit, investigations and due diligence reviews. Mr Cheung obtained a Bachelor of Commerce (Honours) from the University of Manitoba, Canada. He is a member of the Institute of Singapore Chartered Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr Cheung is due for re-election as a Director at the forthcoming AGM.

Lim Siang Kai, Independent Non-Executive Director, was appointed to the Board on 21 December 2007. Mr Lim was last re-elected to the Board in April 2016. Prior to joining the Board, Mr Lim held various positions in banks, financial services companies and a fund management company and has over 33 years of experience in the securities, private and investment banking and fund management industries. Mr Lim is also the chairman and independent director of ISDN Holdings Limited and an independent director of Beijing Gas Blue Sky Holdings Limited (formerly known as Blue Sky Holdings Limited) and chairman and independent director of Samurai 2K Aerosol Limited, all of which are companies listed in Singapore. He holds a Bachelor of Arts Degree from University of Singapore, a Bachelor of Social Sciences (Honours) Degree from the National University of Singapore and a Master of Arts Degree in Economics from the University of Canterbury, New Zealand.

Save that Lau Chor Beng, Peter, Cheung Wai Hung, Danny (the ex-director of the Company and currently a chief administrative officer of a subsidiary of the Group and the brother-in-law of Lau Chor Beng, Peter) and Chan Shui Ki (the ex-director of the Company) hold 59.1%, 15.4% and 4.5% interest respectively in Joyas Investments Group Limited (a substantial shareholder of the Company); and Ong Chor Wei holds 50% interest in Uprich Holdings Limited which in turn holds 15.4% interest in Joyas Investments Group Limited, none of the Directors are related to each other or the substantial shareholders of the Company.

EXECUTIVE OFFICERS

Chan Shui Ki, R & D Department Head, is responsible for the operation of the PRC production facilities for the Group's metal gift products and is in charge of the product material and process development team. Mr Chan has over 24 years of experience in the metal gift industry. Prior to joining the Group in 1991, he was the moulding supervisor at Charlene Manufacturing Limited (萊莉制品廠有限公司) from 1980 to 1991, where he was responsible for the moulding operation of the factory.

Cheung Wai Hung, Danny, Chief Administration Officer of the Group's metal gift business, is responsible for the overall operation of the Group's metal gift business. Mr. Cheung was the ex-director of the Company and has over 19 years of experience in the metal gift industry. Prior to joining the Group in 1991, he was the plating-plant manager of Charlene Manufacturing Limited (萊莉制品廠有限公司) from 1988 to 1990, where he was responsible for the operation of the plant. From 1985 to 1987, he was a director at Redco Garments Ltd where he was responsible for the overall operation of the company. From 1981 to 1984, Mr. Cheung was the assistant to managing director at Tai Po Tsai Development Ltd where he was responsible for providing administrative support. From 1980 to 1981, he was an account executive at Trade Media Limited where he was responsible for sales of advertising space in magazines. Mr. Cheung holds a Master degree in Business Administration from the Lincoln University. He is a Fellow of Business Administration of Asian Knowledge Management Association of the City University of Hong Kong.

Lau Chor Wing, General Manager of the Group's jewellery business, has more than 24 years of experience in the jewellery industry. Mr Lau has been the managing director of Master Creations Limited, a former subsidiary of the Group, from 1995 to 2012 and J & J Design Limited, since 2012, of which he is responsible for the daily operations and oversees the design and development of jewellery products. Prior to joining the Group, Mr Lau was a sales representative with J Stella Jewellery Co. from 1993 to 1995, and before that a sales representative of China Arts Jewelry Inc between 1991 and 1992.

Lau Ka Yiu, General Manager of metal gift business, is responsible for the sales and marketing operation of the Group. Mr Lau joined the Group in 1998 as a sales executive in the sales and marketing department. Before he was appointed to his current position in 2006, he was the director of Le Chino Limited. Prior to joining the Group, he was a graphic designer with Apple Daily Limited. He is a Fellow of Business Administration of Asian Knowledge Management Association of the City University of Hong Kong. Mr Lau holds a Master degree in Business Administration from the Lincoln University.

Lui Mui Ching, Accounting Manager and Deputy Company Secretary, joined the group in September 2006. Ms. Lui is responsible for the overall accounting and financial reporting matters of the Group, including financial accounting, management accounting, budgeting and forecasting, statutory reporting of the Group companies, internal controls and tax planning and as the Deputy Company Secretary, she is also responsible for the compliance affairs of the Group. Prior to joining the Group, she worked as an accountant in various companies in different industrial sections. She was the accountant for a listed company, listed on the GEM of the SEHK, between 2004 and 2006 and a publishing company between 1995 and 2003. Ms. Lui holds a Bachelor of Commerce (Major in Accounting) from Curtin University of Technology, Western Australia, 1994, and has been a member of CPA Australia since 1996. She is also a member of the Hong Kong Institute of Certified Public Accountants.

Tung Ka Chun, Product Designer, is in charge of the development activities in the product design department. He joined the Group in 2009 as a Product Designer. Prior to joining the group, he was a product designer in RCG Hong Kong Limited. Before 2006, he was a 3D designer in MO Design Consultants. Mr Tung holds a Higher Diploma in Multimedia Design & Technology from The Hong Kong Polytechnic University.

Wang De Zhou, managing director of Hong Kong Silver Basic Group Limited ("**HK Silver**"), a subsidiary of the Group, and is mainly involved in the technical and procurement activities of HK Silver. His role includes, *inter alia*, purchasing minerals for HK Silver, assessing the quality of the minerals and overseeing the finances. He graduated from 中南政法學院成人高考大專文憑 (South China Adult Political Institute University). Mr Wang is also a major shareholder of PT Shenniu Mining Indonesia ("**Shenniu Indonesia**"). Prior to setting up the Shenniu Indonesia, he was the general manager of 河南省南陽星偉煉鐵有限公司 (Henan Nanyang Xingwei Ironmaking Ltd.) where his role included management, sales and marketing of iron ore products, and Managing Director of 寧夏石嘴山市盛港煤焦化公司 (Ningxia Shizuishan Shenggang Coking Company), where his role included management, sales and marketing of coal products. Mr Wang has over ten years' experience in the resource industry and over five years' experience in the logistics industry.

Lau Ka Yiu is the son of Lau Chor Beng, Peter (Chairman and Managing Director) and the nephew of Lau Chor Wing (Executive Officer) and Cheung Wai Hung, Danny (the ex-director of the Company and currently a Chief Administrative Officer of a subsidiary of the Group). Lau Chor Wing is the brother of Lau Chor Beng, Peter. Cheung Wai Hung, Danny is the brother-in-law of Lau Chor Beng, Peter and Lau Chor Wing. Lau Chor Wing and Cheung Wai Hung, Danny hold respectively 3.6% and 15.4% interest in Joyas Investments Group Limited (the substantial shareholder of the Company).

Save as for as disclosed above, none of the Executive Officers are related to each other or the substantial shareholders of the Company.

The directors submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

NAMES OF DIRECTORS

The directors of the Company in office at the date of this report are:

Executive directors:
Lau Chor Beng, Peter

Non-executive directors:
Kwok Chin Phang
Ong Chor Wei

Independent non-executive directors:
Cheung King Kwok
Lim Siang Kai

In accordance with Bye-law 104 of the Bye-laws of the Company, Mr Lau Chor Beng, Peter and Mr Cheung King Kwok will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares, debentures, warrants or options of the Company or of any other corporate body, other than as disclosed in this report.

DIRECTORS' INTEREST IN SHARES, DEBENTURES, WARRANTS OR OPTIONS

According to the Register of Directors' Shareholdings kept by the Company, none of the directors who held office at the end of the financial year had any interest in the shares, debentures, warrants or options of the Company or its related corporations, except as follows:

	Number of ordinary shares			
	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at 1.1.2016	**As at 31.12.2016**	As at 1.1.2016	**As at 31.12.2016**
Name of director				
Lau Chor Beng, Peter	–	**–**	120,421,638[(1)]	**842,951,466[(1)]**
Kwok Chin Phang	13,538,000	**114,766,000**	–	**–**
Ong Chor Wei	–	**–**	80,800,000[(4)(5)]	**565,600,000[(4)(5)]**
Joyas Investments Group Limited				
(ordinary shares of US$1.00 each)				
Lau Chor Beng, Peter	591[(1)]	**591[(1)]**	–	**–**

	Convertible Bonds registered in the name of director		Convertible Bonds in which director is deemed to have an interest	
	As at 1.1.2016	**As at 31.12.2016**	As at 1.1.2016	**As at 31.12.2016**
The Company				
Kwok Chin Phang	3,500,000	**3,500,000**	–	**–**
Ong Chor Wei	–	**–**	134,138,000[(6)]	**179,037,000[(6)]**

Notes:

(1) As at 31 December 2016, Joyas Investments Group Limited holds 842,951,466 (2015 - 120,421,638) shares in the Company. The Company's Chairman and Managing Director, Lau Chor Beng, Peter, holds 59.1% of the issued and paid-up share capital in Joyas Investments Group Limited. Accordingly, he is deemed to be interested in the 842,951,466 (2015 - 120,421,638) shares in the Company held by Joyas Investments Group Limited.

(2) Cheung Wai Hung, Danny, an ex-director of the Company and the brother-in-law of Lau Chor Beng, Peter, holds 15.4% interest in Joyas Investments Group Limited. Mr Cheung resigned as director of the Company on 15 November 2015.

DIRECTORS' INTEREST IN SHARES, DEBENTURES, WARRANTS OR OPTIONS (cont'd)

(3) Ong Chor Wei, the Deputy Chairman and Non-executive Director of the Company, holds 50% interest in Uprich Holdings Limited, a BVI investment holding company and holds 15.4% interest in Joyas Investments Group Limited. The remaining 50% interest in Uprich Holdings Limited is held by Mr Wong Wai Shan. Both Mr Ong and Mr Wong are also directors of Uprich Holdings Limited. Mr Ong and Mr Wong are not related to each other or other directors of the Company. Uprich Holdings Limited became a shareholder of Joyas Investments Group Limited on 30 March 2007.

(4) Ong Chor Wei acquired 800,000 shares in the capital of the Company (the "Shares") through his nominee, Royal Bank of Canada (Singapore Branch) on 12 January 2015. On 8 March 2016, the Company announced to undertake a non-renounceable non-underwritten rights issue (the "Rights Issue") on the basis of six (6) rights shares for every one (1) existing ordinary Share held by the shareholders of the Company. Pursuant to the Rights Issue, 4,800,000 Shares were allotted and issued to Ong Chor Wei through his nominee, Royal Bank of Canada (Singapore Branch) on 5 August 2016. After the Rights Issue and as at 31 December 2016, Ong Chor Wei holds 5,600,000 Shares in the capital of the Company through his nominee, Royal Bank of Canada (Singapore Branch).

(5) During the year ended 31 December 2015, Joyas Investments Group Limited transferred 80,000,000 Shares in the Company to Reach Win Limited. Pursuant to the Rights Issue, 480,000,000 Shares were allotted and issued to Reach Win Limited on 5 August 2016. Ong Chor Wei is a director and holds a 100% shareholding interest in Delton Group Limited, a controlling shareholder of Reach Win Limited. Accordingly, he is deemed to be interested in the 560,000,000 (2015 - 80,000,000) shares in the Company held by Reach Win Limited.

(6) Ong Chor Wei, is deemed to have an interest in the Convertible Bonds held in the name of his nominee, Royal Bank of Canada (Singapore Branch).

As at 31 December 2016, Kwok Chin Phang also holds 769,000 unlisted warrants issued in February 2015 ("**2015 Warrants**"). The 2015 Warrants have an exercise price of S$0.10 per share and an expiry date of 23 February 2021.

On 25 May 2015, the Company granted share options (the "**Options**") under the Joyas Share Option Scheme to certain Directors of the Company. Nine (9) million of Options (the "**May 2015 Options**") were granted was at the exercise price of S$0.03, convertible into 9,000,000 ordinary shares of the Company. The May 2015 Options are exercisable after the first anniversary of the date of grant and before the fifth anniversary of the date of the grant.

On 19 August 2016, the Company granted 32,000,000 of Options (the "**August 2016 Options**"), convertible into 32,000,000 ordinary shares of the Company under the Joyas Share Option Scheme to the Non-Executive Directors, namely Kwok Chin Phang, Lim Siang Kai and Cheung King Kwok of the Company at the exercise price of S$0.0035. The August 2016 Options are exercisable after the first anniversary of the date of grant and before the fifth anniversary of the date of the grant.

Please refer to "Share option scheme" below in this report and the Corporate Governance Report in the Annual Report in relation to the Directors' Remuneration for the number of Options held by the Directors as at 31 December 2016.

Save as disclosed above, there was no change in the above-mentioned interests between 31 December 2016 and 21 January 2017.

Except as disclosed in this report, no director who held office at the end of the financial year had interests, direct or deemed, in shares, convertible securities, share options, warrants or debentures of the Company, or of any related corporations, either at the beginning of the financial year (or date of appointment if later) or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

SHARE OPTION SCHEME

The Company has adopted a share option scheme known as the Joyas Share Option Scheme (the "**Scheme**"), for the granting of options to reward and retain employees of the Group and of associated companies whose services are vital to the Group's well-being and success. The Company has amended the rule of the Scheme to allow the participation of the Executive Directors and Non-Executive Directors in the Scheme. The Shareholders had duly approved the amendments to the Scheme in a Special General Meeting held on 8 January 2015. However, Group employees who are the controlling shareholders (holding 15% or more of the shareholding of the Company's issued share capital) of the Company or their associates are not eligible to participate in the Scheme. Options are granted for a term of 10 years to purchase the Company's ordinary shares at an exercise price determined by the Remuneration Committee, at its absolute discretion at (a) a price equal to the average of the last dealt prices of the Company's shares on the SGX-ST for the five consecutive market days immediately prior to the relevant date of grant of the options (the "**Average Price**"); or (b) a discount to the Average Price provided that the maximum discount which may be given in respect of any options shall not exceed 20% of the Average Price.

These options do not entitle the holders to participate, by virtue of the options, in any share issue of any other corporation.

The Scheme is administered by the Remuneration Committee which comprises Mr Lim Siang Kai, Mr Cheung King Kwok and Mr Ong Chor Wei.

Since the commencement of the Scheme on 21 December 2007, 41,000,000 share options have been granted by the Company.

SHARE OPTION SCHEME (cont'd)

Participants under the Scheme, pursuant to Rule 851 of the Listing Manual Section B: Rules of Catalist of the SGX-ST, are set out as below:

Name of participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of Scheme to end of FY2016	Aggregate options exercised since commencement of Scheme to end of FY2016	Aggregate options outstanding as at end of FY2016
Ong Chor Wei (Non-Executive Director)	Nil	3,000,000	Nil	3,000,000
Kwok Chin Phang (Non-Executive Director)	16,000,000 Terms: - Date of grant: 19 August 2016 - Exercise price: S$0.0035 - Validity Period: 5 years from the date of grant - Vesting period: the options are exercisable after the first anniversary of the date of grant and before the fifth anniversary of the date of the grant.	19,000,000	Nil	19,000,000
Lim Siang Kai (Independent Non-Executive Director)	8,000,000 Same terms as above.	9,500,000	Nil	9,500,000
Cheung King Kwok (Independent Non-Executive Director)	8,000,000 Same terms as above.	9,500,000	Nil	9,500,000

AUDIT COMMITTEE

The Audit Committee at the end of the financial year comprises the following members:

Cheung King Kwok (Chairman)
Ong Chor Wei
Lim Siang Kai

The Audit Committee carried out its functions in accordance with the Listing Manual Section B: Rules of Catalist of the SGX-ST. The functions performed are detailed in the Corporate Governance Report set out in the Annual Report of the Company for the financial year ended 31 December 2016.

The Audit Committee has recommended to the Board the reappointment of the joint auditors of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong and Foo Kon Tan LLP, Public Accountants and Chartered Accountants, Singapore as the Company's external auditors at the forthcoming annual general meeting.

INDEPENDENT AUDITOR

The independent auditors, HLB Hodgson Impey Cheng Limited and Foo Kon Tan LLP have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....

Lau Chor Beng, Peter
Director

....

Ong Chor Wei
Director

7 June 2017

STATEMENT BY THE DIRECTORS

We, Lau Chor Beng, Peter and Ong Chor Wei, being two of the directors of Joyas International Holdings Limited, do hereby state that, in the opinion of the directors, subject to the limitations arising from the consolidation of three entities over which the Group has been assessed to have deemed control,

(i) the accompanying statements of financial position of the Group and of the Company and the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group together with the notes thereto, as set out on pages 20 to 60, are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2016, and of the Group's financial performance, changes in equity and cash flows for the year then ended; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay off its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue on 7 June 2017.

ON BEHALF OF THE BOARD

Lau Chor Beng, Peter
Director

Ong Chor Wei
Director

7 June 2017

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Joyas International Holdings Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Bases for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Bases for Disclaimer of Opinion

(i) Consolidation of controlled entities

As disclosed in Note 2(b) and Note 5 to the financial statements, in connection with the audit for the year beginning 1 January 2016, and in accordance with IFRS 10 *Consolidated Financial Statements*, the Group has re-assessed and determined that it is deemed to have control over certain entities (the "Controlled Entities") in which it has no legal ownership and holds no equity interest, based on various facts and circumstances which remain consistent during the financial years.

We have been informed by the management of the Group that insofar as the accounting records of the Controlled Entities are concerned, the directors of the Controlled Entities are only able to provide the financial statements in respect of the financial year ended 31 December 2016. As a result, the financial statements of the Controlled Entities have been consolidated in the financial statements of the Group only from 1 January 2016.

This is not in compliance with IFRS 3 *Business Combinations*, which requires consolidation at the date on which control is transferred to the Group. Arising therefrom, the Group has also not presented the consolidated statement of financial position as at 1 January 2015 nor the corresponding related notes. This is not in compliance with IAS 1 *Presentation of Financial Statements*, which requires the presentation of the statement of financial position, and related notes, as at the beginning of the earliest comparative period. In addition, there is no complete set of financial information nor sufficient documentary evidence made available to us for our audit of the Controlled Entities.

Had the Controlled Entities been consolidated, many elements in the financial statements for the year ended 31 December 2015 would have been materially affected. In view of the matters and limitations on the scope of our work as described in the preceding paragraphs, we were unable to obtain sufficient appropriate audit evidence on the opening balances. Any adjustments to the opening balances might have a consequential effect on the results and cash flows for the year ended 31 December 2016 and the related disclosures thereof in the consolidated financial statements of the Group for the year ended 31 December 2016.

We were unable to obtain sufficient appropriate audit evidence in respect of the items in the financial statements of the Controlled Entities and their completeness for the financial year ended 31 December 2016. Consequently, the carrying amounts of the affected balances as of 31 December 2016 may have to be adjusted accordingly with a corresponding impact to the Group's profit or loss for the financial year ended 31 December 2016 and the accumulated losses as at 31 December 2016.

In the absence of further information, we were unable to quantify those financial effects.

(ii) Control over entities

We were unable to obtain sufficient appropriate audit evidence to assess whether or not the Group is deemed to have control over the following entities:

(a) Entity A – An entity in which the Company's Chairman cum Managing Director, who is also a major shareholder of the Company, was the beneficial owner of the entire equity interest (Note 5). Based on the documents made available to us, the beneficial ownership of the entire equity interest was in force for a period in January 2017. We did not consider that these documents made available to us were sufficient for us to establish the period over which the Company's Chairman cum Managing Director had beneficial ownership of the entire equity interest in the entity, including prior years.

(b) Entity B – A subsidiary of Entity A, that is a former subsidiary of the Group, which the Group has transactions with during the financial years (Note 11).

(c) Entity C – A major customer whose key management personnel, a sibling of the Company's Chairman cum Managing Director, and shareholder are former employees of a subsidiary (Note 7).

We were unable to satisfy ourselves by alternative means concerning the appropriate accounting treatment of these entities and the adequacy of the related disclosures, including related party transactions, in the financial statements.

(iii) Valuation of non-financial assets

(a) Goodwill

As disclosed in Note 3(a) to the financial statements, impairment of goodwill amounting to HK$652,000 was recognised in profit or loss for the financial year ended 31 December 2016 based on negative future cash flows derived from actual results for the financial year ended 31 December 2016. We were unable to obtain sufficient documentary evidence and satisfactory explanation from management, including reasonable bases and assumptions supporting the cash flow projections, to assess whether the impairment losses were necessary. Consequently, we were unable to satisfy ourselves by alternative means concerning the impairment losses for the year ended 31 December 2016. In the absence of information to be provided by management, we were unable to ascertain the adequacy of the related disclosures in the financial statements.

Bases for Disclaimer of Opinion (Cont'd)

(iii) Valuation of non-financial assets (cont'd)

(b) Property, plant and equipment

As at 31 December 2016, the carrying amounts of property, plant and equipment attributable to the Metal Gift Products Cash-Generating Unit ("CGU") and Jewellery Products CGU were HK$8,521,000 and HK$4,100, respectively. Management did not estimate the recoverable amounts of property, plant and equipment of these CGUs as at 31 December 2016 and 31 December 2015 for which impairment indications had been identified.

There were no alternative audit procedures that we could perform to satisfy ourselves as to the carrying amount of property, plant and equipment as at 31 December 2016 and the opening balance as at 1 January 2016.

(c) Intangible asset

As at 31 December 2016, intangible asset was carried at cost amounting to HK$600,000 (Note 3(b)). Management did not assess the useful life of the intangible asset acquired in a business combination during the year ended 31 December 2016. Accordingly, no amortisation had been provided in the financial statements, which constitutes a departure from IAS 38 *Intangible Assets*.

There were no alternative audit procedures that we could perform to satisfy ourselves as to the amortisation expense for the year ended 31 December 2016 and the carrying amount of the intangible asset as at 31 December 2016.

(iv) Inventories

As disclosed in Note 6 to the financial statements, the Group writes down value of inventories using a general provision based on the ageing profiles of the inventories. IAS 2 *Inventories* requires inventories to be measured at the lower of cost and net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise.

We were unable to satisfy ourselves by alternative means concerning the write-down in value of inventories amounting to HK$5,526,000 for the year ended 31 December 2016, and the carrying amount of inventories as at 31 December 2016 and the opening balance as at 1 January 2016.

(v) Deposits paid to a supplier

Included in trade and other receivables stated on the face of the consolidated statement of financial position as at 31 December 2016 are deposits of HK$24,377,000 paid to a supplier which is a related party by virtue of a director and shareholder of the supplier being a key management personnel of the Group. We were unable to obtain sufficient appropriate audit evidence on the utilisation of the deposits paid to the supplier. Consequently, we were unable to satisfy ourselves as to the appropriateness of the carrying amount of the deposits paid to the supplier as at 31 December 2016.

(vi) Non-trade amounts due to former subsidiaries and opening balances

Included in trade and other payables stated on the face of the consolidated statement of financial position as at 1 January 2016 and 31 December 2016 are non-trade amounts due to former subsidiaries amounting to HK$10,305,000 and HK$21,126,000, respectively.

We were not able to carry out procedures on the non-trade amounts due to the former subsidiaries as at 1 January 2016 and 31 December 2016 because documentation supporting the transactions were not fully available.

We were unable to satisfy ourselves by alternative means concerning the validity, existence and accuracy of these non-trade amounts due to former subsidiaries.

(vii) Purchase price allocation

As disclosed in Note 5 to the financial statements, management did not engage external specialists to allocate the purchase prices for the business combinations to the assets acquired, including the identification and valuation of any intangible assets, and liabilities assumed, at fair value on the acquisition dates. Goodwill was measured as the excess of purchase prices over the carrying amounts of net assets acquired, which constitutes a departure from the requirements of IFRS 3 *Business Combinations*.

There were no alternative audit procedures that we could perform to satisfy ourselves as to the fair value of assets acquired and liabilities assumed, appropriateness of non-recognition of any intangible assets, and the resultant goodwill recognised on the acquisition dates.

(viii) Staff costs

As disclosed in Note 18 to the financial statements, the Group recognised staff costs amounting to HK$19,986,000 in profit or loss. Of this amount, HK$3,050,000 relates to severance and redundancy pay to employees of one of the Controlled Entities, as described in Section (i) of this report and Note 5 to the financial statements. Evidence of receipt of severance and redundancy pay by these retrenched employees and other supporting documentary evidence were not fully available from the management of that Controlled Entity. We were unable to satisfy ourselves by alternative means concerning the occurrence and accuracy of payroll expenses for these employees for the financial year ended 31 December 2016.

Bases for Disclaimer of Opinion (Cont'd)

(ix) Related party transactions

In connection with those matters as described in Section (ii) of this report, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness of related parties and transactions and balances with related parties. We were unable to obtain satisfactory explanation from management on the background and economic reality of certain related party transactions. Consequently, we were unable to establish whether related party relationships and transactions have been appropriately identified, accounted for and disclosed in the financial statements for the financial year ended 31 December 2016 and the comparative information for the year ended 31 December 2015.

(x) Income taxes

Certain matters described in the preceding paragraphs have tax implications and should adjustments be found necessary, the Group's income taxes may have to be adjusted accordingly.

(xi) Going concern

We draw attention to Note 2(a) to the financial statements. The Group incurred net loss and net operating cash outflows of HK$21,706,000 and HK$14,330,000, respectively, for the financial year ended 31 December 2016.

These matters indicate the existence of a material uncertainty which cast significant doubt on the Group's and the Company's ability to continue as going concerns. The going concern assumption under which the financial statements are prepared is dependent on the positive cash flows to be generated by the Group from its operations in future.

We were unable to assess the reliability of management's cash flows projections nor assess the feasibility of their plans for future actions in relation to their going concern assessment. Therefore, we are not able to determine whether the going concern basis of presentation of the accompanying financial statements of the Group and the Company is appropriate.

Other Matter

The financial statements for the financial year ended 31 December 2015 were audited by other firms of auditors who jointly expressed an unmodified opinion on those financial statements in their report dated 31 March 2016.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Bases for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
24 Raffles Place #07-03
Clifford Centre
Singapore 048621

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

7 June 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	31 December 2016 HK$'000	31 December 2015 HK$'000
Assets			
Non-current Assets			
Intangible assets	3	**600**	413
Property, plant and equipment	4	**8,616**	8,242
		9,216	8,655
Current Assets			
Inventories	6	**7,044**	14,431
Trade and other receivables	7	**62,930**	37,515
Cash and cash equivalents	8	**39,262**	20,383
		109,236	72,329
Total assets		**118,452**	80,984
Equity			
Capital and Reserves			
Share capital	9	**19,139**	4,048
Accumulated losses		**(84,426)**	(73,286)
Other reserves	10	**111,035**	92,471
Attributable to owners of the Company		**45,748**	23,233
Non-controlling interests	5	**(9,492)**	172
Total equity		**36,256**	23,405
Liabilities			
Non-Current Liabilities			
Convertible bonds	13	**20,062**	19,890
Warrants	14	**69**	319
		20,131	20,209
Current Liabilities			
Trade and other payables	11	**45,767**	24,371
Borrowings	12	**16,271**	12,816
Current tax liabilities		**27**	183
		62,065	37,370
Total liabilities		**82,196**	57,579
Total equity and liabilities		**118,452**	80,984

STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	31 December 2016 HK$'000	31 December 2015 HK$'000
Assets			
Non-current Assets			
Subsidiaries	5	**8**	8
Current Assets			
Trade and other receivables	7	**49,943**	22,006
Cash and bank balances	8	**1,527**	4,634
		51,470	26,640
Total assets		**51,478**	26,648
Equity			
Capital and Reserves			
Share capital	9	**19,139**	4,048
Accumulated losses		**(117,181)**	(111,914)
Other reserves	10	**128,861**	113,753
Total equity		**30,819**	5,887
Liabilities			
Non-Current Liabilities			
Convertible bonds	13	**20,062**	19,890
Warrants	14	**69**	319
		20,131	20,209
Current Liabilities			
Trade and other payables	11	**528**	552
		528	552
Total liabilities		**20,659**	20,761
Total equity and liabilities		**51,478**	26,648

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Note	**Year ended 31 December 2016 HK$'000**	Year ended 31 December 2015 HK$'000
Revenue	15	**81,576**	93,577
Cost of sales		**(80,023)**	(88,005)
Gross profit		**1,553**	5,572
Other income	16	**3,432**	1,443
Selling and distribution expenses		**(2,719)**	(1,960)
Administrative expenses		**(18,641)**	(14,276)
Other operating expenses		**(2,722)**	(3,322)
Finance costs	17	**(2,300)**	(1,990)
Loss before taxation	18	**(21,397)**	(14,533)
Taxation	19	**(309)**	(60)
Loss for the year		**(21,706)**	(14,593)
Other comprehensive income after tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(96)**	–
Other comprehensive loss for the year, net of tax of nil		**(96)**	–
Total comprehensive loss for the year		**(21,802)**	(14,593)
Loss attributable to:			
Owners of the Company		**(11,140)**	(14,730)
Non-controlling interests		**(10,566)**	137
		(21,706)	(14,593)
Total comprehensive loss attributable to:			
Owners of the Company		**(11,236)**	(14,730)
Non-controlling interests		**(10,566)**	137
		(21,802)	(14,593)
		HK cents	HK cents
Loss per share			
- Basic and diluted	21	**(1.10)**	(4.38)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Attributable to owners of the Company									
	Share capital	Share premium	Contributed surplus	Share option reserve	Capital contribution reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2015	3,548	28,717	52,677	–	–	–	(58,556)	26,386	–	26,386
Loss for the year	–	–	–	–	–	–	(14,730)	(14,730)	137	(14,593)
Other comprehensive income:										
- Foreign currency translation differences										
Total comprehensive income for the year	–	–	–	–	–	–	(14,730)	(14,730)	137	(14,593)
Contributions by and distributions to owners										
- Issue of shares upon placement	500	8,716	–	–	–	–	–	9,216	–	9,216
- Acquisition of a subsidiary	–	–	–	–	–	–	–	–	123	123
- Equity-settled share-based payment transactions	–	–	–	1,041	–	–	–	1,041	–	1,041
- Capital contribution by non-controlling interest in a subsidiary	–	–	–	–	1,700	–	–	1,700	729	2,429
- Dividends to non-controlling interests	–	–	–	–	–	–	–	–	(817)	(817)
- Share issue expenses	–	(380)	–	–	–	–	–	(380)	–	(380)
Total transactions with owners, recognised directly in equity	500	8,336	–	1,041	1,700	–	–	11,577	35	11,612
At 31 December 2015	4,048	37,053	52,677	1,041	1,700	–	(73,286)	23,233	172	23,405
At 1 January 2016	**4,048**	**37,053**	**52,677**	**1,041**	**1,700**	**–**	**(73,286)**	**23,233**	**172**	**23,405**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(11,140)**	**(11,140)**	**(10,566)**	**(21,706)**
Other comprehensive income:										
- Foreign currency translation differences	**–**	**–**	**–**	**–**	**–**	**(96)**	**–**	**(96)**	**–**	**(96)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(96)**	**(11,140)**	**(11,236)**	**(10,566)**	**(21,802)**
Contributions by and distributions to owners										
- Issue of shares upon rights issue	**15,089**	**15,536**	**–**	**–**	**–**	**–**	**–**	**30,625**	**–**	**30,625**
- Issue of shares upon exercise of warrants (Note 9)	**2**	**53**	**–**	**–**	**–**	**–**	**–**	**55**	**–**	**55**
- Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,202**	**1,202**
- Equity-settled share-based payment transactions	**–**	**–**	**–**	**981**	**–**	**–**	**–**	**981**	**–**	**981**
- Capital contribution by non-controlling interest in a subsidiary	**–**	**–**	**–**	**–**	**3,552**	**–**	**–**	**3,552**	**1,545**	**5,097**
- Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,845)**	**(1,845)**
- Share issue expenses	**–**	**(1,462)**	**–**	**–**	**–**	**–**	**–**	**(1,462)**	**–**	**(1,462)**
Total transactions with owners, recognised directly in equity	**15,091**	**14,127**	**–**	**981**	**3,552**	**–**	**–**	**33,751**	**902**	**34,653**
At 31 December 2016	**19,139**	**51,180**	**52,677**	**2,022**	**5,252**	**(96)**	**(84,426)**	**45,748**	**(9,492)**	**36,256**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Note	**Year ended 31 December 2016 HK$'000**	Year ended 31 December 2015 HK$'000
Cash Flows from Operating Activities			
Loss before taxation		**(21,397)**	(14,533)
Adjustments for:			
Bad debts recovered	16	**(109)**	(83)
Depreciation of property, plant and equipment	4	**1,295**	1,045
Fair value gain on warrants	14	**(260)**	(692)
Fair value loss on derivative component of convertible bonds	13	**196**	122
Impairment of goodwill	3	**652**	–
Interest expense	17	**2,300**	1,990
Interest income	16	**(19)**	(98)
Loss on disposal of property, plant and equipment	4	**–**	3,300
Share-based payment expense	20	**981**	1,041
Unrealised exchange loss/(gain)		**(2,028)**	(399)
Write-down on inventories, net	6	**5,526**	3,176
Write-off of property, plant and equipment	4	**1,478**	–
Operating loss before working capital changes		**(11,385)**	(5,131)
Changes in inventories		**1,861**	(805)
Changes in trade and other receivables		**(19,823)**	5,282
Changes in trade and other payables		**16,510**	(23,194)
Cash used in operations		**(12,837)**	(23,848)
Interest paid		**(810)**	(764)
Income tax (paid)/refunded		**(683)**	36
Net cash used in operating activities		**(14,330)**	(24,576)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	4	**(1,310)**	(36)
Acquisition of subsidiaries, net of cash acquired	5	**3,291**	333
Interest received	16	**19**	98
Proceeds from disposal of property, plant and equipment		**–**	100
Net cash generated from investing activities		**2,000**	495
Cash Flows from Financing Activities			
Proceeds from issue of shares	9	**30,680**	9,216
Share issue expense		**(1,462)**	(380)
Proceeds from issue of convertible bonds	13	**–**	19,970
Issuing cost of convertible bonds	13	**–**	(629)
Proceeds from issue of warrants	14	**–**	1,036
Capital contribution from non-controlling interests		**1,545**	1,510
Interest paid on convertible bonds	13	**(1,344)**	–
Dividend paid to non-controlling shareholders		**(1,845)**	(817)
Proceeds from borrowings		**38,251**	66,661
Repayment of borrowings		**(34,796)**	(72,035)
Increase in pledged bank deposits		**(19,567)**	(2,793)
Net cash generated from financing activities		**11,462**	21,739
Net decrease in cash and cash equivalents		**(868)**	(2,342)
Cash and cash equivalents at beginning of year		**13,846**	15,923
Effects of exchange rate fluctuations on cash and cash equivalents		**180**	265
Cash and cash equivalents at end of year	8	**13,158**	13,846

1 General information

Joyas International Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 4 October 2006. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business is located at Unit E, 12/F, Kwai Shing Industrial Building, Phase 2, 42-46 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The Company's shares have been listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") since 13 March 2008. On 5 May 2015, the listing of the Company's shares was transferred from the Main Board to Catalist of the SGX-ST.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to these consolidated financial statements. The directors consider the ultimate holding company to be Joyas Investment Group Limited, a company incorporated in the British Virgin Islands (the "BVI").

The financial statements are presented in Hong Kong Dollar ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000") except otherwise indicated.

The financial statements for the year ended 31 December 2016 were approved for issue by the board of directors on 7 June 2017.

2(a) Going concern

For the financial year ended 31 December 2016, the Group incurred net loss and net operating cash outflows of HK$21,706,000 (2015 - HK$14,593,000) and HK$14,330,000 (2015 - HK$24,576,000), respectively.

These matters indicate the existence of a material uncertainty which cast a significant doubt on the Group's and the Company's ability to continue as going concern.

Notwithstanding the above, management believes that the Group and the Company will have sufficient resources to continue in operation for the foreseeable future after taking into consideration the following:

(i) As at 31 December 2016, the Group had net current assets and net assets of HK$47,171,000 (2015 - HK$34,959,000) and HK$36,256,000 (2015 - HK$23,405,000), respectively, while the Company had net current assets and net assets of HK$50,942,000 (2015 - HK$26,088,000) and HK$30,819,000 (2015 - HK$5,887,000), respectively.

(ii) Implementation of cost containment measures and working capital management to generate sufficient cash flows from operations.

Accordingly, the directors consider it appropriate that these financial statements are prepared on a going concern basis.

2(b) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") including interpretations promulgated by the International Financial Reporting Interpretations Committee ("IFRIC") issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below. The financial statements also include the applicable disclosure requirements of the Listing Manual Section B: Rules of the Catalist (the "Catalist Rules") of the SGX-ST.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared under historical cost convention, except for derivative financial instruments, which are measured at fair value. The measurement bases are fully described in the accounting policies.

Accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The significant accounting estimates and assumptions used and areas involving a significant judgement are described below:

Significant judgements in applying accounting policies

Consolidation of controlled entities

Significant judgment is required in determining whether an entity has control over another entity. An entity consolidates another entity if the three elements of controls (power, exposure or rights to variable returns and ability to use power to affect returns) are present. When one or more of the elements is not present, an entity will not consolidate but instead be required to determine the nature of its relationship with the other entity (e.g. significant control, joint control) and the appropriate accounting under IFRS.

In 2016, management has re-assessed in accordance with IFRS 10 *Consolidated Financial Statements* and determined that the Group has control over certain of its suppliers of metal gift products, namely Caishi Hardware Products (Shenzhen) Co., Ltd., Polymax Limited and Huidongxian Baihuazhen Caishi Hardware ZhipinChang (collectively the "Controlled Entities") (Note 5). Accordingly, the Controlled Entities have been accounted for as subsidiaries of the Group, notwithstanding that the Group has no legal ownership and holds no equity interest in the Controlled Entities. Consequently, the financial statements of the Controlled Entities have been consolidated in the financial statements of the Group for the financial year beginning 1 January 2016. The accounting records of the Controlled Entities were not available for the preparation of the financial statements prior to the financial year beginning 1 January 2016.

2(b) Basis of preparation (cont'd)

Significant judgements in applying accounting policies (cont'd)

Income taxes

The Group is subject to income taxes in Hong Kong and the People's Republic of China. Significant judgement is required in determining the provision for income taxes and the timing of payment of the related tax. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made. The carrying amounts of the Group's prepaid taxes at the end of reporting period and the Group's income tax expense for the year are disclosed in Note 7 and Note 19 to the financial statements, respectively.

Significant accounting estimates and assumptions used in applying accounting policies

Valuation of inventories

As disclosed in Note 6 to the financial statements, the Group writes down value of inventories using a general provision based on the ageing profiles of the inventories. This is inconsistent with IAS 2 *Inventories* which requires inventories to be measured at the lower of cost and net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise.

The carrying amount of the Group's inventories as at 31 December 2016 is disclosed in Note 6 to the financial statements. If the allowance for write-down of the inventories increase/decrease by 10% from management's estimates, the Group's loss for the year will increase/decrease by approximately HK$552,000 (2015 - HK$572,000).

Depreciation of property, plant and equipment

The Group depreciates property, plant and equipment on straight-line method over the estimated useful lives. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The carrying amount of the Group's property, plant and equipment as at 31 December 2016 is disclosed in Note 4 to the financial statements. A 10% increase/decrease in the estimated useful lives of property, plant and equipment from management's estimates will increase/decrease the Group's loss for the year by approximately HK$129,000 (2015 - HK$104,000).

Impairment of loans and receivables

The provision for impairment of receivables requires a degree of estimation and judgement. In assessing impairment loss, management considers factors such as the aging of receivables, past collection history, specific knowledge of the individual debtor's financial position, and general economic conditions.

If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, provision for impairment may be required. The carrying amount of the Group's loans and receivables as at 31 December 2016 is disclosed in Note 7 to the financial statements. If the present value of estimated future cash flows decreases/increases by 10% from management's estimates, the Group's allowance for impairment of loans and receivables will increase/decrease by approximately HK$3,796,000 (2015 - HK$1,452,000).

Impairment of non-financial assets

Non-financial assets are reviewed to determine whether there is any such indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the assets are tested for impairment. The recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

As disclosed in Note 4 to the financial statements, management did not estimate the recoverable amounts of property, plant and equipment as at 31 December 2016 and 31 December 2015.

The carrying amounts of the Group's non-financial assets (other than goodwill and inventories) as at 31 December 2016, comprising property, plant and equipment and membership, are disclosed in Note 4 and Note 3 to the financial statements, respectively.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit ("CGU") to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The carrying amount of the Group's goodwill as at 31 December 2016 and the bases and assumptions used to estimate the recoverable amount are disclosed in Note 3(a) to the financial statements.

Valuation of share options

Equity-settled share-based payments are measured at fair value at the date of grant. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The determination of fair values include use of unobservable inputs. The determination of fair values include use of unobservable inputs. Because of the inherent valuation uncertainty, those estimated fair values may differ significantly from actual results, and those differences could be material. The assumptions and model used are disclosed in Note 20 to the financial statements.

2(b) Basis of preparation (cont'd)

Significant accounting estimates and assumptions used in applying accounting policies (cont'd)

Valuation of convertible bonds and warrants

The fair value of the warrants and liability and derivative components embedded in the convertible bonds are estimated by an independent firm of professional valuers. Valuation techniques commonly used by market practitioners are applied. The fair value of these components and warrants varies with different variables of certain subjective assumptions. Any change in these variables so adopted may materially affect the estimation of the fair value of these components.

The carrying amount of the Group's convertible bonds and warrants as at 31 December 2016 are disclosed in Note 13 and Note 14 to the financial statements, respectively.

2(c) Interpretations and amendments to published standards effective in 2016

Management does not anticipate that the adoption of the IFRSs will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following new or amended IFRS issued and effective in 2016:

Reference	Description
Amendments to IAS 1	Disclosure Initiatives

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and other comprehensive income ("OCI") and the statement of financial position may be disaggregated;
- That entities should adopt a systemic order in which they present the notes to financial statements; and
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. As this is a disclosure standard, it has no impact to the financial position and performance of the Group when applied in 2016.

2(d) IFRS not yet effective

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. The directors do not anticipate that the application of these new or amended IFRS and IFRIC will have a material impact on the financial statements of the Group and the Company except for the following which may be relevant to the Group or may have a significant effect on the consolidated financial statements in future financial periods.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to IAS 7	*Statement of Cash Flows*	1 January 2017
IFRS 15	*Revenue from Contracts with Customers*	1 January 2018
Clarifications to IFRS 15	*Revenue from Contracts with Customers*	1 January 2018
IFRS 9	*Financial Instruments*	1 January 2018
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*	1 January 2018
IFRS 16	*Leases*	1 January 2019

Amendments to IAS 7 *Statement of Cash Flows*

The Amendments to IAS 7 *Statement of Cash Flows* required entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows – excluding contributed equity – to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way - e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective on beginning or after 1 January 2017. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when implemented.

2(d) IFRS not yet effective (cont'd)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and IFRIC 31 *Revenue – Barter Transactions involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the consolidated financial statements.

Clarifications to IFRS 15 *Revenue Contracts with Customers*

The amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as IFRS 15, i.e. 1 January 2018.

IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* and it is a package of improvements introduced by IFRS 9 which includes a logical model for:

- Classification and measurement,
- A single, forward - looking "expected loss" impairment model and
- A substantially reformed approach to hedge accounting

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The adoption of IFRS 9 will have an impact on the classification and measurement of financial assets, but no impact on the classification and measurement of financial liabilities. The Group is currently assessing the impact to the consolidated financial statements.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

This interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.

The interpretations are effective from 1 January 2018.

On initial application, entities would have the option of applying the interpretations either retrospectively or prospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group is currently assessing the impact to the consolidated financial statements.

IFRS 16 *Leases*

IFRS 16 *Leases* replaces accounting requirements introduced more than 30 years ago in accordance with IAS 17 *Leases* that are no longer considered fit for purpose, and is a major revision of the way in which companies where it requires lessees to recognise most leases on their statement of financial position. Lessor accounting is substantially unchanged from current accounting in accordance with IAS 17. IFRS 16 *Leases* will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. The Group is currently assessing the impact to the consolidated financial statements.

2(e) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and Controlled Entities as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Consolidation of subsidiaries in the People's Republic of China ("PRC") is based on the subsidiaries' financial statements prepared in accordance with IFRS. Profits reflected in the financial statements prepared in accordance with IFRS may differ from those reflected in PRC statutory financial statements of the subsidiaries, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profit available for distribution by the PRC subsidiary is based on the amounts stated in the PRC statutory financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2(e) Summary of significant accounting policies (cont'd)

Consolidation (cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquirer over the fair value of identifiable assets and liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquirer, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit can be impaired.

2(e) Summary of significant accounting policies (cont'd)

Goodwill (cont'd)

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Depreciation or other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Leasehold land classified as finance lease	Over the lease term of 50 years
Leasehold buildings	50 years
Leasehold improvements	5 years
Motor vehicles	5 years
Plant and machinery	5 to 10 years
Furniture and fixtures	5 years
Tools and equipment	5 years
Moulds	3 to 10 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Intangible asset (other than goodwill)

Intangible asset relates to membership subscription to credit information bureau services acquired in a business combination and is measured at cost.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the end of the reporting period with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2(e) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Company and the Group do not hold any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, excluding prepayments. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in the profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes all direct expenditure and an appropriate share of production overheads based on the normal level of activity.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows presentation, cash and cash equivalents which are repayable on demand and form an integral part of the Group's cash management.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Financial liabilities

The Groups' financial liabilities comprise trade and other payables, convertible bonds, warrants, and borrowings.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Borrowings

These are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2(e) Summary of significant accounting policies (cont'd)

Financial liabilities (cont'd)

Convertible bonds

Convertible bonds issued by the Group that contain both liability, call option and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the conversion option derivative and call option derivative are recognised at fair value. The call option is accounted for as a single compound embedded derivative together with the conversion option derivative. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability.

In subsequent periods, the liability component of the convertible loans is carried at amortised cost using the effective interest method, until extinguished on conversion or maturity. The single compound embedded is measured at fair value with changes in fair value recognised in profit or loss.

When the convertible bonds are converted, the carrying amount of the liability portion together with the fair value of the single compound embedded derivative at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the convertible bonds are redeemed, and difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and single compound embedded derivative components in proportion to the allocation of the proceeds. Transaction costs relating to the single compound embedded derivative is recognised in profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loans using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Other financial liabilities

These are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Leases

Where the Group is the lessee,

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment and depreciation".

Operating leases

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Contingent rents are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2(e) Summary of significant accounting policies (cont'd)

Income taxes (cont'd)

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Employee benefits

Retirement benefit schemes

The Group contributes to the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance, for all employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain general managers are considered key management personnel.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) both entities are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2(e) Summary of significant accounting policies (cont'd)

Related parties (cont'd)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependents of that person or that person's spouse or domestic partner.

Impairment of non-financial assets

The carrying amounts of the Company's and Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

Revenue recognition

Revenue comprises the fair value of the consideration received and receivable for the sale of goods and the use by others of the Group's assets yielding interest, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of goods

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

Rental income

Rental income under operating leases is recognised in the period in which the properties are let out and on the straight line basis over the lease terms.

Interest income

Interest income is recognised on time-proportion basis using effective interest method.

2(e) Summary of significant accounting policies (cont'd)

Finance income and finance costs

Finance income comprises interest income on fixed deposits and loan to an associate.

Finance costs comprise interest expense on bank loan, hire-purchase creditors and bank overdraft.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Hong Kong Dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Group entities

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product lines.

The Group has identified the following reportable segments:

(a) Metal gift products
(b) Jewellery products
(c) Nickel ore
(d) Financing activities

Each of these operating segments is managed separately as each of the product lines requires different resources as well as marketing approaches.

The measurement policies the Group used for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs, except finance costs, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

2(e) Summary of significant accounting policies (cont'd)

Segment reporting (cont'd)

Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. When the fair value of the goods or services received cannot be estimated reliably, the Group measures the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders services.

For cash-settled share-based payments, a liability is recognised at the fair value of the goods or services received.

3 Intangible assets

The Group	**2016 HK$'000**	2015 HK$'000
Goodwill (Note 3(a))	**–**	413
Membership (Note 3(b))	**600**	–
	600	413

3(a) Goodwill

The Group	**2016 HK$'000**	2015 HK$'000
At 1 January	**413**	–
Acquisition of subsidiaries (Note 5)	**239**	413
Impairment of goodwill (Note 18)	**(652)**	–
At 31 December	**–**	413

For the purpose of impairment testing, goodwill is allocated to the cash-generating units ("CGUs") identified as follows:

The Group	**2016 HK$'000**	2015 HK$'000
Nickel ore CGU	**537**	413
Financing activities CGU	**115**	–
Impairment of goodwill	**(652)**	–
	–	413

Impairment testing for goodwill

2015

Goodwill arose from the acquisition of 70% of the equity interest in Hong Kong Silver Basic Group Limited.

The recoverable amount for the nickel ore CGU to which the goodwill was allocated was determined based on value in use calculations, covering a detailed five-year budget plan followed by an extrapolation of expected cash flows at the growth rate stated below. The growth rate reflected the long-term average growth rate for the country in which the CGU operates.

The key assumptions used for value in use calculations were as follows:

The Group	2015
Discount rate	16%
Growth rate	0%

The key assumptions also included the profit margins, which had been determined based on past performance, and management's expectations for market share, after taking into consideration published market forecast and research. The discount rate used was pre-tax and reflected specific risks relating to the nickel ore CGU. With regards to the assessment of value in use for the goodwill, management believes that no reasonably possible changes in any of the above key assumptions would not result in an impairment loss.

3 **Intangible assets (cont'd)**

3(a) Goodwill (cont'd)

2016

Goodwill arose from the acquisition of an additional 34% of the equity interest in PT Global Linker Indonesia resulting in control (Note 5(a)), and 70% of the equity interest in CCIG Financial Services Limited (Note 5(b)).

For impairment testing of the nickel ore CGU and financial services CGU, management had determined the recoverable amounts of the two CGUs using value in use calculations based on negative cash flow projections estimated by management, having regard to the actual operating cash outflows incurred by the two CGUs for the current financial year. Consequently, the goodwill pertaining to the two CGUs was fully impaired.

3(b) Membership

Membership relates to membership subscription to credit information bureau services acquired in a business combination during the year ended 31 December 2016 (Note 5(b)). No amortisation had been provided in the financial statements for the year ended 31 December 2016.

4 **Property, plant and equipment**

The Group	Leasehold land classified as finance lease HK$'000	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Tools and equipment HK$'000	Moulds HK$'000	Total HK$'000
Cost									
At 1 January 2015	5,494	1,374	59	634	27,987	2,686	12,558	56,748	107,540
Additions	–	–	–	–	–	27	9	–	36
Disposals	–	–	(39)	–	(22,473)	(2,233)	(8,209)	(46,959)	(79,913)
Acquisition of a subsidiary (Note 5)	–	–	49	–	–	–	–	–	49
At 31 December 2015	5,494	1,374	69	634	5,514	480	4,358	9,789	27,712
Additions	**–**	**–**	**579**	**–**	**527**	**84**	**110**	**10**	**1,310**
Write-offs	**–**	**–**	**–**	**(634)**	**–**	**(424)**	**(3,986)**	**(6,506)**	**(11,550)**
Transfers	**–**	**–**	**1,333**	**–**	**10,166**	**40**	**23**	**37**	**11,599**
Acquisition of a subsidiary (Note 5)	**–**	**–**	**–**	**–**	**–**	**–**	**35**	**–**	**35**
At 31 December 2016	**5,494**	**1,374**	**1,981**	**–**	**16,207**	**180**	**540**	**3,330**	**29,106**
Accumulated depreciation									
At 1 January 2015	2,060	515	37	590	25,641	2,611	12,015	51,561	95,030
Depreciation for the year	110	28	16	24	174	30	180	483	1,045
Disposals	–	–	(24)	–	(21,259)	(2,212)	(8,209)	(44,909)	(76,613)
Acquisition of a subsidiary (Note 5)	–	–	8	–	–	–	–	–	8
At 31 December 2015	2,170	543	37	614	4,556	429	3,986	7,135	19,470
Depreciation for the year	**110**	**27**	**289**	**20**	**285**	**42**	**140**	**382**	**1,295**
Write-offs	**–**	**–**	**–**	**(634)**	**–**	**(419)**	**(3,909)**	**(5,110)**	**(10,072)**
Transfers	**–**	**–**	**15**	**–**	**9,769**	**8**	**1**	**3**	**9,796**
Acquisition of a subsidiary (Note 5)	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
At 31 December 2016	**2,280**	**570**	**341**	**–**	**14,610**	**60**	**219**	**2,410**	**20,490**
Carrying amount									
At 31 December 2016	**3,214**	**804**	**1,640**	**–**	**1,597**	**120**	**321**	**920**	**8,616**
At 31 December 2015	3,324	831	32	20	958	51	372	2,654	8,242

4 Property, plant and equipment (cont'd)

The Group

Analysis of the carrying amount of leasehold land classified as finance lease according to lease periods is as follows:

	2016 **HK$'000**	2015 HK$'000
In Hong Kong		
- medium lease (i.e. 10 to 50 years)	**3,214**	3,324

As at 31 December 2016, the Group's leasehold land classified as finance lease and leasehold buildings with carrying amounts of HK$3,214,000 (2015 - HK$3,324,000) and HK$804,000 (2015 - HK$831,000), respectively, were pledged to secure the banking facilities granted to the Group (Note 13). In the opinion of the directors, the current market value of the leasehold land classified as finance lease and leasehold buildings is approximately HK$18,000,000 (2015 - HK$15,100,000) as at 31 December 2016.

The Group's property, plant and equipment are used in the Metal Gift Products cash-generating unit ("Metal Gift CGU") and Jewellery Products cash-generating unit ("Jewellery CGU"). These CGUs have been incurring operating losses and generating negative operating cash flows which are indications of impairment of assets deployed in their operations. As at 31 December 2016, the carrying amounts of property, plant and equipment attributable to the Metal Gift CGU and Jewellery CGU were HK$8,521,000 and HK$4,100, respectively.

5 Subsidiaries

The Company	**2016** **HK$'000**	2015 HK$'000
Unquoted equity investments, at cost	**63**	63
Allowance for impairment losses	**(55)**	(55)
	8	8
Amount due from a subsidiary (non-trade)	**65,176**	65,176
Allowance for impairment loss	**(65,176)**	(65,176)
	–	–
	8	8

The non-trade amount due from a subsidiary represents an extension of the Company's net investment in the subsidiary. The amount is unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss.

As the indications of impairment continue to exist for the financial years ended 31 December 2016 and 2015, the impairment losses previously made were not reversed.

5 Subsidiaries (cont'd)

The subsidiaries are:

Name of subsidiary	Country of incorporation	Effective equity interest held by the Group 2016	2015	Principal activities
Directly owned		**%**	%	
Joyas Group Limited [1]	The British Virgin Islands ("BVI")	**100**	100	Investment holding
Asia Pac Growth Holdings Limited [1]	BVI	**100**	100	Investment holding
Indirectly owned				
Happy Time Industries Limited [1]	Hong Kong	**100**	100	Holding trademarks and licensing in Hong Kong
J & J Design Limited [1]	Hong Kong	**100**	100	Manufacturing and trading of jewellery in Hong Kong
Royce Gifts & Accessories Limited [1]	Hong Kong	**100**	100	Metalware manufacturing and exporter in Hong Kong
Joyas (Qingyuan) Limited [1]	BVI	**100**	100	Manufacturing and trading of mini metallic products
Billion Fun Limited [1]	BVI	**100**	100	Investment holding
Allied Famous Limited [1]	BVI	**100**	100	Investment holding
Asia Growth Group Limited [1]	Hong Kong	**100**	100	Inactive
Hong Kong Silver Basic Group Limited ("HK Silver") [1]	Hong Kong	**70**	70	Trading of nickel ore
PT Global Linker Indonesia ("PT Global") [2]	Indonesia	**64**	–	Inactive
CCIG Financial Services Limited ("CCIG Financial") [1]	Hong Kong	**70**	–	Licensed money lending business in Hong Kong
Caishi Hardware Products (Shenzhen) Co., Ltd. ("Caishi Shenzhen") [3]	The People's Republic of China ("PRC")	–	–	Manufacturing and trading of metallic products
Huidongxian Baihuazhen Caishi Hardware ZhipinChang ("Caishi Huidong") [3]	PRC	–	–	Manufacturing and trading of metallic products
Polymax Limited ("Polymax") [3]	Hong Kong	–	–	Metalware manufacturing and exporter in Hong Kong

(1) Jointly audited by Foo Kon Tan LLP, Singapore and HLB Hodgson Impey Cheng Limited, Hong Kong for consolidation purposes.

(2) Audited by HLB Hadori Sugiarto Adi & Rekan for local statutory reporting purposes.

(3) Although the Group does not hold any ownership interests in these entities, management has assessed and determined that the Group is deemed to have control over these three entities ("Controlled Entities") by virtue of the following factors, *inter alia:*
- These entities are the sole suppliers of the Group for the respective business segments;
- The Group is the sole customer of these entities for the respective business segments;
- Funding of these entities is mostly from the Group;
- No profit margin or mark-up is charged by these entities on goods sold to the Group; and
- The legal representative or shareholder of these entities is the Company's Chairman and Managing Director or a person related to him.

5 Subsidiaries (cont'd)

(a) In June 2016, HK Silver, together with two other individuals, namely Wang De Zhou, the Chief Executive Officer of HK Silver, and Titis Budiarti, incorporated PT Global in Indonesia. HK Silver holds 30% of the equity interest in PT Global.

In October 2016, HK Silver acquired 127,500 shares, representing 34% of the equity interest in PT Global from Titis Budiarti for a cash consideration of US$126,000 (HK$1,860,000). Subsequent to the acquisition, the total shareholding in PT Global held by HK Silver increased from 30% to 64%, and the Group obtained control of PT Global.

PT Global is intended to be principally engaged in the business of distribution and trading of nickel and other minerals. PT Global has not commenced operations. The acquisition of PT Global would allow the Group to enter into a new business of sourcing and supply of nickel ore and other minerals to Indonesia based mineral processing plants.

For the two months ended 31 December 2016, PT Global contributed revenue of HK$Nil and loss of HK$228,400 to the Group's results.

Identifiable assets acquired and liabilities assumed

The following table summarises the carrying amounts of assets acquired and liabilities assumed at the date of acquisition:

The Group	2016 HK$'000
Plant and equipment	34
Deposits, prepayments and other receivables	3,832
Cash and bank balances	4,951
Other payables and accruals	(6,290)
Carrying amount of identifiable net assets	2,527

The Group	2016 HK$'000
Total consideration transferred	1,860
Non-controlling interests, based on their proportionate interest in the carrying amounts of the assets and liabilities of the acquiree	910
Carrying amount of pre-existing interest in the acquiree	(119)
Carrying amount of identifiable net assets	(2,527)
Goodwill	124
Cash consideration	(1,860)
Less: Cash and bank balances acquired	4,951
Cash inflow on acquisition	3,091

At the date of acquisition of the additional 34% equity interest the Group achieved control in the investee. No intangible assets had been identified and recognised in the financial statements. Goodwill was measured as the excess of purchase price over the carrying amount of net assets acquired.

5 Subsidiaries (cont'd)

(b) On 16 September 2016 the Group acquired 70% of the equity interest in CCIG Financial, a company whose principal activity is financing. The acquisition was made with the aim to diversify the Group's operations.

The carrying amounts of identifiable assets and liabilities of CCIG Financial as at the date of acquisition were:

The Group	**2016** **HK$'000**
Intangible asset (Note 3(b))	**600**
Cash and bank balances	**1,000**
Other payables and accruals	**(622)**
Net assets	**978**
Non-controlling interests (30%)	**(293)**
Carrying amount of identifiable net assets acquired	**685**
Fair value of consideration transferred:	
Cash	**800**
Goodwill (Note 3(a))	**115**
Cash consideration	**(800)**
Less: Cash and bank balances acquired	**1,000**
Cash inflow on acquisition	**200**

(c) On 11 March 2015, the Group acquired 70% of the voting equity instruments of HK Silver, a company whose principal activity is trading of nickel ore. The acquisition was made with the aim to diversify the Group's operations.

The fair value of identifiable assets and liabilities of HK Silver as at the date of acquisition were:

The Group	2015 HK$'000
Plant and equipment	41
Deposits, prepayments and other receivables	49,431
Pledged fixed deposits	3,744
Cash and bank balances	333
Bank borrowings	(11,232)
Other payables and accruals	(41,837)
Current tax payables	(70)
Net assets	410
Non-controlling interests (30%)	(123)
Carrying amount of identifiable net assets acquired	287
Fair value of consideration transferred:	
Cash	700
Goodwill (Note 3(a))	413
Cash consideration	(700)
Less: Consideration payables included in other payables and accruals	700
Less: Cash and cash equivalents acquired	333
Cash inflow on acquisition	333

5 Subsidiaries (cont'd)

The fair value of trade and other receivables amounted to HK$13,317,000. The gross amount of these receivables is HK$13,317,000. None of these receivables has been impaired and it is expected that the full contractual amounts can be collected.

The Group had elected to measure the non-controlling interests in this acquisition at proportionate share of the acquiree's identifiable net assets.

Since the acquisition date, HK Silver had contributed the revenue of HK$28,085,000 and profit of HK$455,000 to the Group. If the acquisition had occurred on 1 January 2015, the Group's revenue and loss would have been HK$93,577,000 and HK$14,842,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future performance.

The acquisition-related costs of HK$142,500 had been recognised in profit or loss and included in administrative expenses.

Former subsidiaries

The Chairman cum Managing Director, who is also a major shareholder of the Company, was the beneficial owner of the entire equity interest in an entity ("Entity A") to which the Group disposed of its subsidiaries engaged in the manufacturing and trading of metal gift products in prior years. The Group had outsourced its manufacture of metal gift products to one of these former subsidiaries for the period from December 2013 to August 2016.

Judgment is required in determining whether an entity has control over another entity. An entity consolidates another entity if the three elements of controls (power, exposure or rights to variable returns and ability to use power to affect returns) are present. When one or more of the elements is not present, an entity will not consolidate but instead be required to determine the nature of its relationship with the other entity (e.g. significant control, joint control) and the appropriate accounting under IFRS.

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below.

Summarised statements of financial position

	HK Silver	PT Global	CCIG Financial	Caishi Shenzhen	Caishi Huidong	Polymax	Intragroup elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2016								
Current assets	**37,313**	**2,222**	**403**	**314**	**8,010**	**7,264**	**–**	**55,526**
Non-current assets	**1,770**	**62**	**600**	**–**	**4,260**	**–**	**–**	**6,692**
Total assets	**39,083**	**2,284**	**1,003**	**314**	**12,270**	**7,264**	**–**	**62,218**
Current liabilities	**39,075**	**81**	**40**	**20,099**	**13,895**	**7,281**	**–**	**80,471**
Net assets	**8**	**2,203**	**963**	**(19,785)**	**(1,625)**	**(17)**	**–**	**(18,253)**
Attributable to:								
- Non-controlling interests	**2**	**828**	**289**	**(19,785)**	**(1,625)**	**(17)**	**10,816**	**(9,492)**
2015								
Current assets	7,613	–	–	–	–	–	–	7,613
Non-current assets	40	–	–	–	–	–	–	40
Total assets	7,653	–	–	–	–	–	–	7,653
Current liabilities	7,083	–	–	–	–	–	–	7,083
Net assets	570	–	–	–	–	–	–	570
Attributable to:								
- Non-controlling interests	172	–	–	–	–	–	–	172

5 Subsidiaries (cont'd)

Summarised statements of profit or loss and other comprehensive income

	HK Silver HK$'000	PT Global HK$'000	CCIG Financial HK$'000	Caishi Shenzhen HK$'000	Caishi Huidong HK$'000	Polymax HK$'000	Total HK$'000
2016							
Revenue	**27,206**	**–**	**336**	**22,995**	**11,811**	**11,811**	**74,159**
Profit/(Loss) for the year, representing total comprehensive income/(loss) for the year	**459**	**(228)**	**(15)**	**(9,012)**	**(1,582)**	**(17)**	**(10,395)**
Attributable to:							
- Non-controlling interests	**131**	**(82)**	**(4)**	**(9,012)**	**(1,582)**	**(17)**	**(10,566)**
2015							
Revenue	28,085	–	–	–	–	–	28,085
Profit for the year, representing total comprehensive income for the year	455	–	–	–	–	–	455
Attributable to:							
- Non-controlling interests	137	–	–	–	–	–	137

Other summarised information

	HK Silver HK$'000	PT Global HK$'000	CCIG Financial HK$'000	Caishi Shenzhen HK$'000	Caishi Huidong HK$'000	Polymax HK$'000	Total HK$'000
2016							
Cash outflow from operating activities	**(3,718)**	**(589)**	**(989)**	**(11,811)**	**(3,760)**	**(1)**	**(20,868)**
Cash (outflow)/ inflow from investing activities	**(1,741)**	**(1)**	**(33)**	**1,623**	**(2,751)**	**–**	**(2,903)**
Cash inflow from financing activities	**5,151**	**–**	**–**	**10,448**	**6,554**	**51**	**22,204**
Net cash (outflow)/inflow for the year	**(308)**	**(590)**	**(1,022)**	**260**	**43**	**50**	**(1,567)**
2015							
Cash inflow from operating activities	830	–	–	–	–	–	830
Cash inflow from investing activities	3,808	–	–	–	–	–	3,808
Cash outflow from financing activities	(4,522)	–	–	–	–	–	(4,522)
Net cash inflow for the year	116	–	–	–	–	–	116

6 Inventories

The Group	2016 HK$'000	2015 HK$'000
Raw materials, at cost	**4,297**	5,048
Work-in-progress, at cost	**465**	1,291
Finished goods, at net realisable value	**2,282**	8,092
	7,044	14,431

The movement in allowance for write-down of inventories is as follows:

The Group	2016 HK$'000	2015 HK$'000
At 1 January	**19,476**	16,300
Allowance made (Note 18)	**5,526**	5,723
Allowance reversed (Note 18)	**–**	(2,547)
At 31 December	**25,002**	19,476

For the financial year ended 31 December 2015, reversal of write-down on inventories of HK$2,547,000 was due to sales of the inventories above their carrying amounts.

7 Trade and other receivables

	The Group		The Company	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Trade receivables	**29,376**	14,031	**–**	–
Allowance for impairment	**(7)**	(7)	**–**	–
(A)	**29,369**	14,024	**–**	–
Amount due from subsidiaries (non-trade)	–	–	**49,737**	21,934
Amount due from a related party (non-trade) [(1)]	**7,284**	–	**–**	–
Deposits	**870**	241	**19**	19
Other receivables	**437**	255	**11**	5
(B)	**8,591**	496	**49,767**	21,958
Loans and receivables (A)+(B)	**37,960**	14,520	**49,767**	21,958
Deposits paid to a supplier [(2)]	**24,377**	22,707	**–**	–
Prepayments	**276**	190	**176**	48
Prepaid taxes	**317**	98	**–**	–
Total trade and other receivables	**62,930**	37,515	**49,943**	22,006

(1) The non-trade amount due from a related party relates to a loan given to a key management personnel of the Group during the financial year. The loan is unsecured, interest-free and repayable on demand (Note 22).

(2) The deposits paid for purchases of nickel ore are unsecured and interest-free. The supplier is a related party (Note 22).

The Group generally awards a credit period of 30 to 180 days (2015 - 30 to 180 days) to its customers.

7 Trade and other receivables (cont'd)

The ageing analysis of the Group's trade receivables is as follows:

The Group	**2016** **HK$'000**	2015 HK$'000
Neither past due nor impaired	**18,921**	9,493
Past due 1 – 30 days	**2,783**	2,354
Past due 31 – 90 days	**3,095**	955
Past due 91 – 365 days	**4,447**	824
Past due over 1 year	**123**	398
	29,369	14,024

Trade receivables that are neither past due nor impaired relate to diversified customers for whom there was no recent history of default.

Major customer

As at 31 December 2016, amount due from a major customer ("Entity C") for jewellery products was HK$8,354,000 (2015 - HK$8,230,000). Sales to this customer totalled HK$11,976,000 (2015 - HK$17,743,000), accounting for approximately 80% (2015 - 80%) of revenue from sales of jewellery products for the year ended 31 December 2016. This customer's key management personnel, a sibling of the Company's Chairman cum Managing Director, and shareholder are former employees of a subsidiary.

Judgment is required in determining whether an entity has control over another entity. An entity consolidates another entity if the three elements of controls (power, exposure or rights to variable returns and ability to use power to affect returns) are present. When one or more of the elements is not present, an entity will not consolidate but instead be required to determine the nature of its relationship with the other entity (e.g. significant control, joint control) and the appropriate accounting under IFRS 10.

8 Cash and cash equivalents

	The Group		The Company	
	2016 **HK$'000**	2015 HK$'000	**2016** **HK$'000**	2015 HK$'000
Cash in banks	**12,675**	13,499	**1,527**	4,634
Cash on hand	**483**	347	**–**	–
Fixed deposits	**26,104**	6,537	**–**	–
	39,262	20,383	**1,527**	4,634

As at 31 December 2016, fixed deposits were pledged to secure bank loans and other banking facilities granted to the Group (Note 12). Interest accrues on the fixed deposits at 0.1% to 0.15% (2015 - 0.01%) per annum.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

The Group	**2016** **HK$'000**	2015 HK$'000
Cash and cash equivalents	**39,262**	20,383
Less: Fixed deposits pledged	**26,104**	6,537
	13,158	13,846

8 Cash and cash equivalents (cont'd)

Cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**2,511**	7,391	149	2,151
United States dollar	**8,893**	4,992	–	–
Singapore dollar	**27,482**	7,960	1,378	2,483
Renminbi	**304**	40	–	–
Others	**72**	–	–	–
	39,262	20,383	**1,527**	4,634

9 Share capital

	2016		2015	
The Company	**Number of shares**	**HK$'000**	Number of shares	HK$'000
Authorised:				
At beginning and end of year				
- ordinary shares of HK$0.01 each	**10,000,000,000**	**100,000**	10,000,000,000	10,000
Issued and fully paid:				
At beginning of year	**404,670,733**	**4,048**	354,670,733	3,548
- ordinary shares of HK$0.01 each				
Issue of shares upon placement of HK$0.01 each	**–**	**–**	50,000,000	500
Issue of shares upon rights issue of HK$0.01 each	**1,508,904,240**	**15,089**	–	–
Issue of shares upon exercise of warrants of HK$0.01 each	**202,000**	**2**	–	–
At end of year - ordinary shares of HK$0.01 each	**1,913,776,973**	**19,139**	404,670,733	4,048

2016

Increase in share capital was due to the following:

(i) 1,508,904,240 new ordinary shares ("rights issue") were issued at an issue price of S$0.0035 (HK$0.0203) per share amounting to S$5,280,000 (HK$30,625,000), pursuant to the renounceable underwritten rights issue undertaken by the Company on the basis of six rights shares for every one existing ordinary shares of the Company. Arising therefrom, there was an increase in share capital and share premium of HK$15,089,042 and HK$15,536,433 respectively.

(ii) 202,000 new ordinary shares were issued pursuant to the exercise of 202,000 warrants by various warrant holders at the exercise price of S$0.05 (HK$0.272). As a result, there was an increase in share capital and share premium of HK$2,020 and HK$52,924, respectively.

2015

(i) On 28 May 2015, the Company entered into a placement agreement with the placement agent, pursuant to which an aggregate of 50,000,000 new ordinary shares were placed by the placement agent on behalf of the Company, at the issue price of S$0.032 (equivalent to HK$0.184) per placement share with the independent investors. As a result, the Company issued 50,000,000 new ordinary shares at S$0.032 (equivalent to HK$0.184) per share on 12 June 2015 and there was an increase in share capital and share premium of HK$500,000 and HK$8,716,000 respectively.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

10 Other reserves

	The Group		The Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Share premium	**51,180**	37,053	**51,180**	37,053
Contributed surplus reserve	**52,677**	52,677	**75,659**	75,659
Share option reserve	**2,022**	1,041	**2,022**	1,041
Capital contribution reserve	**5,252**	1,700	**–**	–
Foreign currency translation reserve	**(96)**	–	**–**	–
	111,035	92,471	**128,861**	113,753

Share premium

Share premium represents the excess of proceeds from the issue of new ordinary shares over the nominal value of the shares issued, net of share issue expenses.

Contributed surplus reserve

Contributed surplus reserve of the Group arose from the capital reduction exercise undertaken during the financial year ended 31 December 2010 whereby the par value of each share of the Company was reduced from HK$0.5 to HK$0.01 resulting in a transfer of a credit balance of HK$52,677,000 from share capital to contributed surplus reserve.

Contributed surplus reserve of the Company relates to the aforesaid capital reduction amounting to HK$52,677,000 and the excess of the nominal value of the Company's shares issued over the combined net assets of the subsidiaries acquired amounting to HK$22,982,000.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of a company is available for distribution.

Share option reserve

Share option reserve represents the cumulative expenses recognised on the granting of share options over the vesting period.

Capital contribution reserve

Capital contribution reserve represents the capital contribution from a non-controlling interest to a subsidiary.

Foreign currency translation reserve

The foreign currency translation reserve of the Group arises from the translation of financial statements of group entities whose functional currencies are different from the presentation currency.

11 Trade and other payables

	The Group		The Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**16,794**	10,427	**–**	–
Amounts due to former subsidiaries (non-trade)	**21,126**	10,305	**–**	–
Accruals	**3,651**	1,612	**525**	550
Other payables	**2,765**	800	**3**	2
Financial liabilities carried at amortised cost	**44,336**	23,144	**528**	552
Advances from customers	**1,431**	1,227	**–**	–
Total trade and other payables	**45,767**	24,371	**528**	552

Amounts due to former subsidiaries are unsecured, interest-free and have no fixed repayment terms. The former subsidiaries include an entity ("Entity B"), which is a subsidiary of an entity in which the Company's Chairman cum Managing Director, who is also a major shareholder of the Company, was the beneficial owner of the entire equity interest ("Entity A") (Note 5).

12 Borrowings

The Group	2016 HK$'000	2015 HK$'000
Bank loans (Note (a))	**15,139**	11,815
Other borrowing (Note (b))	**1,132**	1,001
	16,271	12,816

(a) Bank loans

The Group	2016 HK$'000	2015 HK$'000
Portion of bank loans due for payment within one year which contain a repayment on demand clause	**13,703**	9,123
Portion of bank loans due for payment after one year which contain a repayment on demand clause	**1,436**	2,692
	15,139	11,815

As at 31 December 2016 and 2015, the Group's bank loans were secured by the Group's leasehold land classified as finance lease and leasehold buildings (Note 4), pledged fixed deposits (Note 8) and personal guarantee by a director of the Company.

Interest is charged on the bank loans at interest rates ranging from 1.15% to 5.25% (2015 - 2.42% to 6%) per annum.

Bank loans are carried at amortised cost. Bank loans due for repayment after one year are classified as current liabilities as these loans contain a repayment on demand clause.

Further details of the Group's management of liquidity risk are set out in Note 25.4. As at 31 December 2016 and 2015, none of the covenants relating to draw-down facilities had been breached.

(b) Other borrowing

Other borrowing bears interest of 12% (2015 - 12%) per annum, and is guaranteed by certain non-controlling shareholders and employees of a subsidiary, and repayable within one year.

13 Convertible bonds

On 23 February 2015 (i.e. the issue date), the Company issued 7% unlisted convertible bonds with an aggregate principal amount of S$3,503,459 (HK$19,970,000) due in 2020. The convertible bonds will mature five years from the issue date at their principal amount or can be converted into ordinary shares of the Company at the holder's option at the fixed rate of S$0.10 per share for 35,034,597 shares of the outstanding principal. The interest will be payable by the Company annually in arrears.

The convertible bonds holders have the right to convert their convertible bonds into new shares at any time on or after one year from the issue date. The Company may early redeem the convertible bonds under the following conditions:

(a) If at any time, the aggregate principal amount of the convertible bonds outstanding is less than 10% of the aggregate principal amount originally issued. In this situation, the Company can redeem the convertible bonds at the principal amount together with accrued interest;

(b) At any time after 3 years of the issue date of the convertible bonds before the maturity date, the Company shall have the option the redeem all (and not only some) of the outstanding convertible bonds at 103% of their principal amount together with the accrued interest; or

(c) Redeem at the principal together with accrued interest for taxation reasons.

The proceeds from the issuance of the convertible bonds on the issue date of S$3,503,459 (HK$19,970,000) have been split into liability and derivative components. On issuance of the convertible bonds, the fair value of the derivative component, representing the embedded derivative of the conversion option and call option, is determined using an option pricing model and this amount is carried as a derivative component until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The derivative component is measured at fair value on the issue date and any subsequent changes in fair value of the derivative component at the end of the reporting period are recognised in profit or loss.

The fair value of the derivative component is determined based on the valuation performed by International Valuation Limited using the applicable option pricing model. This is a level 3 recurring fair value measurement.

As at 31 December 2016 and 2015, the convertible bonds with an aggregate principal amount of S$3,503,459 (HK$19,970,000) remained outstanding.

13 Convertible bonds (cont'd)

The movements of the liability component and derivative component of the convertible bonds during the financial year are as follows:

The Group and the Company	Liability component HK$'000	Derivative component HK$'000	Total HK$'000
Principal amount of convertible bonds issued	20,093	(123)	19,970
Transaction costs	(629)	–	(629)
Interest expense (Note 17)	1,226	–	1,226
Fair value loss (Note 18)	–	122	122
Exchange difference	(799)	–	(799)
Balance at 31 December 2015	**19,891**	**(1)**	**19,890**
Interest expense (Note 17)	**1,490**	**–**	**1,490**
Fair value loss (Note 18)	**–**	**196**	**196**
Interest paid	**(1,344)**	**–**	**(1,344)**
Exchange difference	**(170)**	**–**	**(170)**
Balance at 31 December 2016	**19,867**	**195**	**20,062**

Interest expense on the convertible bonds is calculated using the effective interest method by applying the effective interest rate of 7.65% per annum to the liability component.

14 Warrants

On 23 February 2015, the Company allotted and issued 18,173,980 unlisted warrants with an issue price of S$0.01 each due in 2021, and each warrant carries the right to subscribe for one new common share in the capital of the Company at the exercise price of S$0.10 for each new share.

	Derivative financial liability	
The Group and the Company	**2016 HK$'000**	2015 HK$'000
At 1 January	**319**	–
Principal amount of warrant issued	**–**	1,036
Fair value gain (Note16)	**(260)**	(692)
Exchange difference	**10**	(25)
At 31 December	**69**	319

15 Revenue

The Group's revenue represents total invoiced value of goods sold, net of returns and trade discounts. Revenue from the Group's principal activities recognised during the financial year are as follows:

The Group	**2016 HK$'000**	2015 HK$'000
Sales of goods [(1)]	**81,576**	93,577

Note:

(1) During the financial year, the Group made sales amounting to HK$11,976,000 (2015 - HK$17,743,000) to one of its major customers, an entity whose key management personnel, a sibling of the Company's Chairman cum Managing Director, and shareholder are former employees of a subsidiary.

16 Other income

The Group	2016 HK$'000	2015 HK$'000
Bank interest income	**19**	98
Bad debts recovered	**109**	83
Fair value gain on warrants (Note 14)	**260**	692
Foreign exchange gain, net	**2,028**	399
Rental income	**–**	40
Sale of scrap materials	**380**	31
Sundry income	**636**	100
	3,432	1,443

17 Finance costs

The Group	2016 HK$'000	2015 HK$'000
Interest expense on		
- bank loans and overdrafts	**690**	755
- other borrowing	**120**	9
- convertible bonds (Note 13)	**1,490**	1,226
	2,300	1,990

18 Loss before taxation

The following items have been included in arriving at loss before taxation:

The Group	2016 HK$'000	2015 HK$'000
Auditors' remuneration		
- Audit fees to the auditors of the Company	**540**	550
- Audit fees to the auditors of the subsidiaries	**254**	162
Cost of inventories recognised as expense	**80,023**	88,005
Depreciation of property, plant and equipment	**1,295**	1,045
Fair value gain on warrants (Note 14)	**(260)**	(692)
Fair value loss on derivative component of convertible bonds (Note 13)	**196**	122
Impairment of goodwill (Note 3(a))	**652**	–
Loss on disposal of property, plant and equipment	**–**	3,200
Operating lease expense in respect of rented premises	**935**	979
Reversal of write-down on inventories (Note 6)	**–**	(2,547)
Write-down on inventories (Note 6)	**5,526**	5,723
Write-off of property, plant and equipment	**1,478**	–
Staff costs		
Directors' fees	**898**	856
Directors' remuneration other than directors' fee		
- Salaries, wages and other related costs	**240**	220
- Employer's contributions to defined contribution plans	**18**	16
Key management personnel (other than directors)		
- Salaries, wages and other related costs	**3,318**	3,399
- Employer's contributions to defined contribution plans	**79**	266
Total key management personnel compensation	**4,553**	4,757
Other than key management personnel		
- Salaries, wages and other related costs *	**14,157**	3,229
- Employer's contributions to defined contribution plans	**1,276**	107
	15,433	3,336
Total staff costs	**19,986**	8,093

* Included severance and redundancy pay amounting to HK$3,050,000 related to staff retrenchment of one of the Controlled Entities (Note 2 and Note 5) during the year ended 31 December 2016.

19 Taxation

The Group	2016 HK$'000	2015 HK$'000
Current taxation		
Current year	**76**	60
Adjustments in respect of prior years	**233**	–
	309	60

Reconciliation of effective tax rate

The Group	2016 HK$'000	2015 HK$'000
Loss before taxation	**(21,397)**	(14,533)
Tax at statutory rates applicable to different jurisdictions	**(3,443)**	(2,398)
Tax effect on non-deductible expenses	**2,795**	2,765
Tax effect on non-taxable income	**(102)**	(247)
Tax rebate	**(20)**	(60)
Deferred tax assets on current year tax losses not recognised	**846**	–
Adjustments of current taxation in respect of prior years	**233**	–
	309	60

Bermuda

Pursuant to the rules and regulations of Bermuda, the Company is not subject to any income tax in Bermuda.

British Virgin Islands

There is no income tax expense for the subsidiaries in the British Virgin Islands as the income of these subsidiaries is tax exempted under the laws of the British Virgin Islands.

Hong Kong

The corporate income tax rate applicable to the subsidiaries in Hong Kong is 16.5% (2015 - 16.5%) for the financial year ended 31 December 2016.

People's Republic of China

On 16 March 2007, the National People's Congress of the PRC enacted the Enterprise Income Tax ("EIT") Law which took effect on 1 January 2008. In accordance with the EIT Law, a unified EIT rate of 25% and unified tax deduction standards will be applied equally to both domestic invested enterprises and wholly foreign-owned enterprises. Accordingly, the PRC subsidiaries are subject to the applicable EIT rate of 25% (2015 - 25%) for the financial year ended 31 December 2016.

Indonesia

The corporate income tax rate applicable to the subsidiary in Indonesia is 25% (2015 - 25%) for the financial year ended 31 December 2016.

At 31 December 2016, the Group had unutilised tax losses of approximately HK$5,127,000 (2015 - HK$Nil). No deferred tax asset has been recognised due to the unpredictability of future profit streams. These tax losses are subject to agreement by tax authorities and compliance with tax regulations.

20 Share-based payment compensation

The Company adopted a share option scheme known as Joyas Share Option Scheme (the "Scheme"), to reward and retain employees of the Group and of associated companies whose services are vital to the Group's growth and success. Pursuant to the set-up of Scheme, the Group's employees who are the directors or controlling shareholders (holding 15% or more of the shareholding of the Company's issued share capital) of the Company and their associates are not eligible to participate in the Scheme. Options are granted for a term of 10 years to purchase the Company's ordinary shares at an exercise price determined by the remuneration committee, established by the Company, pursuant to the code of corporate governance, at its absolute discretion at (a) a price equal to the average of the last dealt prices of the Company's shares on the SGX-ST for the five consecutive market days immediately prior to the relevant date of grant of the options (the "Average Price"); or (b) a discount to the Average Price provided that the maximum discount which may be given in respect of any options shall not exceed 20% of the Average Price.

20 Share-based payment compensation (cont'd)

Category of grantee	Note	Date of grant	Exercisable period	Balance at 1.1.2016	Granted during the year	Balance at 31.12.2016	Exercise price per share
Under Joyas Share Option Scheme							
Non-executive directors and independent non-executive directors	(i)	25.5.2015	25.5.2016 to 24.5.2020	9,000,000	–	9,000,000	S$0.03
Non-executive directors and independent non-executive directors	(i)	19.8.2016	19.8.2017 to 18.8.2021	–	32,000,000	32,000,000	S$0.0035
Under general mandate							
Third party	(ii)	16.2.2015	16.2.2015 to 15.2.2020	12,000,000	–	12,000,000	S$0.021
Total				21,000,000	32,000,000	53,000,000	

Notes:

(i) The fair values of share options granted to the directors were determined by reference to the fair values of the share options granted at the grant date. The share options can be exercised after the first anniversary of the date of grant.

(ii) The fair value of the services provided by a third party was measured by reference to the fair value of share options granted at the date the counterparty rendered services. The share options can be exercised only when the net profits after taxation attributable to the business of one of its subsidiaries is at least the equivalent of US$3 million for any financial year before fifth anniversary of the date of grant.

The exercise price of options outstanding at the end of the year ranged between S$0.0035 (HK$0.02) and S$0.03 (HK$0.17) (2015 - S$0.021 (HK$0.12) and S$0.03 (HK$0.16)) and their weighted average remaining contractual life was 4.11 years (2015 - 4.24 years).

Of the total number of options outstanding at the end of the year, 9,000,000 share options (2015 – Nil) were exercisable at the end of the year.

The weighted average fair value of each option granted during the year was HK$0.01 (2015 - HK$0.12).

	2016		2015	
	Weighted average exercise price HK$	Number of options	Weighted average exercise price HK$	Number of options
Outstanding at beginning of year	**0.14**	**21,000,000**	–	–
Granted during the year	**0.02**	**32,000,000**	0.14	21,000,000
Outstanding at end of year	**0.07**	**53,000,000**	0.14	21,000,000

The fair values of options granted were determined using Black-Scholes Pricing Model that takes into account factors specific to the share incentive plans. The following principal assumptions were used in the valuation:

	Share options granted in February 2015	Share options granted in May 2015	Share options granted in August 2016
Share price at date of grant	S$0.021	S$0.029	S$0.003
Expected volatility*	198%	199%	199%
Risk-free interest rate	0.98%	1.19%	0.99%
Dividend yield	0%	0%	0%
Expected life of option	2.5	3	3
Fair value of date of grant	S$0.0181	S$0.0265	S$0.0018
Exercise price	S$0.021	S$0.03	S$0.0035

* The underlying expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No special features pertinent to the options granted were incorporated into measurement of fair value.

For the year ended 31 December 2016, the equity-settled share-based payment expense of HK$981,000 (2015 - HK$1,041,000) was recognised in profit or loss. The corresponding amount has been credited to the share option reserve.

21 Loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of HK$11,140,000 (2015 - HK$14,730,000) and on the weighted average number of 1,016,689,137 (2015 – 335,907,728) ordinary shares in issue during the year.

Basis loss per share and diluted loss per share are the same for the years ended 31 December 2015 and 2016 as the Group incurred a loss for both years, and the share options, warrants and convertible bonds are anti-dilutive.

22 Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

	Transaction amount		Balance (Note 7)	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Purchases of nickel ore from a supplier with common key management personnel[(1)]	**25,049**	25,199	**24,377**	22,707
Loan to a related party [(2)]	**7,284**	–	**7,284**	–

(1) On 19 March 2015, the Group's subsidiary, Hong Kong Silver Basic Group Limited, entered into an exclusive agency agreement with the supplier for being an exclusive agent of sale of nickel ore in the PRC, including Hong Kong, which is produced by the supplier. A key management personnel of the Group, Mr Wang De Zhou, is a shareholder and director of the supplier. The terms and conditions of deposits paid to the supplier as at 31 December 2016 are disclosed in Note 7 to the financial statements.

(2) The related party is a key management personnel of the Group, Mr Wang De Zhou. The terms and conditions of the loan as at 31 December 2016 are disclosed in Note 7 to the financial statements.

23 Operating lease commitments

At the end of the reporting period, the Group was committed to making the following payments in respect of non-cancellable operating leases:

The Group	**2016 HK$'000**	2015 HK$'000
Not later than one year	**1,170**	425
Later than one year and not later than five years	**2,158**	330
	3,328	755

Operating lease payments represent rentals payable by the Group for factory and office premises. The leases expire between 30 November 2017 and 31 May 2020 and contain renewal options. None of the leases includes contingent rentals.

24 Segment information

The executive directors have identified the Group's four product lines as operating segments as further described in Note 2(e):

(a) Metal gift products including fashion accessories, desk top accessories, table top accessories and time items;
(b) Jewellery products;
(c) Nickel ore; and
(d) Financing activities

	Metal gift products		Jewellery products		Nickel ore		Financing activities		Total	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Reportable segment revenue from external customers	**38,988**	43,398	**15,046**	22,094	**27,206**	28,085	**336**	–	**81,576**	93,577
Reportable segment (loss)/profit	**(10,699)**	(5,806)	**(4,741)**	(2,155)	**417**	942	**210**	–	**(14,813)**	(7,019)
Other segment information										
Depreciation of property, plant and equipment	**1,277**	1,032	**3**	3	**15**	10	**–**	–	**1,295**	1,045
Impairment of goodwill	**–**	–	**–**	–	**537**		**115**		**652**	–
Loss on disposal of property, plant and equipment	**–**	3,300	**–**	–	**–**	–	**–**	–	**–**	3,300
Write-off of property, plant and equipment	**1,478**	–	**–**	–	**–**	–	**–**	–	**1,478**	–
Write-down on inventories, net	**264**	967	**5,262**	2,209	**–**	–	**–**	–	**5,526**	3,176
Bad debts recovered	**–**	–	**(109)**	(83)	**–**	–	**–**	–	**(109)**	(83)
Acquisition of property, plant and equipment	**1,280**	27	**–**	–	**30**	9	**–**	–	**1,310**	36
Reportable segment assets	**15,719**	14,463	**16,889**	22,848	**35,558**	22,805	**10,817**	–	**78,983**	60,116
Reportable segment liabilities	**14,697**	15,629	**2,348**	4,704	**13,248**	236	**40**	–	**30,333**	20,569

24 Segment information (cont'd)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

The Group	**2016 HK$'000**	2015 HK$'000
Reportable segment revenues	**81,576**	93,577
Group revenues	**81,576**	93,577
Reportable segment loss	**(14,813)**	(7,019)
Fair value gain on warrants	**260**	692
Fair value loss on convertible bonds	**(196)**	(122)
Unallocated corporate income	**439**	424
Corporate legal and professional fees	**(1,124)**	(3,279)
Unallocated corporate expenses	**(3,663)**	(3,239)
Finance costs	**(2,300)**	(1,990)
Group loss before taxation	**(21,397)**	(14,533)
Reportable segment assets	**78,983**	60,116
Pledged fixed deposits	**26,104**	6,537
Cash and bank balances	**13,158**	13,846
Other corporate assets	**207**	485
Group assets	**118,452**	80,984
Reportable segment liabilities	**30,333**	20,569
Bank loans	**15,139**	11,815
Convertible bonds	**20,062**	19,890
Warrants	**69**	319
Other corporate liabilities	**16,593**	4,986
Group liabilities	**82,196**	57,579

The Group's revenue from external customers and non-current assets other than goodwill are categorised into the following geographical areas:

	Revenue from external customers		**Non-current assets, other than goodwill**	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Principal markets:				
United States of America	**12,410**	21,259	**–**	–
Europe	**18,404**	9,141	**–**	–
The PRC, including Hong Kong	**49,578**	61,731	**9,154**	8,242
Others	**1,184**	1,446	**62**	–
	81,576	93,577	**9,216**	8,242

Geographical location of customers is based on the domicile location of the customers whilst that of non-current assets is based on their physical location.

During the financial year, there was no revenue from external customers attributed to Bermuda (country of domicile) and no non-current assets were located in Bermuda (2015 – HK$Nil). The country of domicile is the country where the Company was incorporated for the purpose of the disclosure as required by IFRS 8 *Operating Segments*.

24 Segment information (cont'd)

Revenue from customers contributing over 10% of total sales of the Group is as follows:

The Group	**2016** **HK$'000**	2015 HK$'000
Customer A (Note i)	**8,771**	14,332
Customer B (Note i)	**12,107**	–
Customer C (Note ii)	**11,976**	17,743
Customer D (Note iii)	**9,921**	28,085
Customer E (Note iii)	**17,285**	–
	60,060	60,160

Notes:
(i) Derived from the metal gift products segment
(ii) Derived from the jewellery products segment
(iii) Derived from the nickel ore segment

As at 31 December 2016, 56% (2015 - 61%) of the Group's trade receivables were due from these customers.

25 Financial risk management

The Group's activities expose it to a variety of financial instrument risks, namely market risk (comprising foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments for trading purpose during the financial year.

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to a variety of risks which resulted from both its operating and investing activities. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below:

25.1 Categories of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities at the end of the reporting period by categories are as follows:

	The Group		The Company	
	2016 **HK$'000**	2015 HK$'000	**2016** **HK$'000**	2015 HK$'000
Financial assets				
Loans and receivables:				
Trade and other receivables (excluding prepayments and deposits paid to a supplier) (Note 7)	**37,960**	14,520	**49,767**	21,958
Cash and cash equivalents (Note 8)	**39,262**	20,383	**1,527**	4,634
	77,222	34,903	**51,294**	26,592

25 Financial risk management (cont'd)

25.1 Categories of financial assets and liabilities (cont'd)

	The Group		The Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade and other payables (excluding advances from customers)	**44,336**	23,144	**528**	552
Convertible bonds (liability component)	**19,867**	19,891	**19,867**	19,891
Borrowings	**16,271**	12,816	**–**	–
	80,474	55,851	**20,395**	20,443
Financial liabilities at fair value through profit or loss:				
Convertible bonds (derivative component)	**195**	(1)	**195**	(1)
Warrants	**69**	319	**69**	319
	264	318	**264**	318
	80,738	56,169	**20,659**	20,761

25.2 Market risk

(i) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group carries out its business within and outside Hong Kong and worldwide with most of the transactions denominated in Hong Kong Dollar ("HKD"), United States Dollar ("USD"), Renminbi ("RMB") and Singapore Dollar ("SGD"). Exposures to currency exchange rates arise from the Group's overseas sales and purchases.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign currency risk.

Foreign currency denominated financial assets and liabilities, translated into HKD at the closing rates, are as follows:

	USD	**RMB**	**SGD**
The Group	**HK$'000**	**HK$'000**	**HK$'000**
As at 31 December 2016			
Trade and other receivable	**35,005**	**969**	**207**
Cash and cash equivalents	**8,893**	**304**	**27,482**
Trade and other payables	**(12,045)**	**(4,395)**	**–**
Convertible bonds	**–**	**–**	**(20,062)**
Warrants	**–**	**–**	**(69)**
Net exposure arising from financial assets and liabilities	**31,853**	**(3,122)**	**7,558**
As at 31 December 2015			
Trade and other receivables	5,869	131	72
Cash and cash equivalents	4,992	40	7,960
Trade and other payables	(3,436)	(6,122)	–
Convertible bonds	–	–	(19,890)
Warrants	–	–	(319)
Net exposure arising from financial assets and liabilities	7,425	(5,951)	(12,177)

25 Financial risk management (cont'd)

25.2 Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Sensitivity analysis

A 3% strengthening of USD, RMB and SGD against HKD would have decreased the Group's loss before tax by approximately HK$1,049,000 (2015 – increased the Group's loss by approximately HK$321,000). A 3% weakening of USD, RMB and SGD against HKD would have had the equal but opposite effect on profit or loss. This analysis assumes that all other variables, in particular interest rates, remains constant.

The policies to manage foreign currency risk have been followed by the Group since prior years and are considered to be effective.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from its bank balances at floating rates which are contractually repriced at intervals of less than 6 months (2015 - less than 6 months) from the end of the reporting period. Sensitivity analysis is not presented because the Group's exposure to interest rate risk is not material.

25.3 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations.

The Group performs ongoing evaluations to determine customer credit and limits the amount of credit it extends. For other financial assets, the Group adopts the policy of dealing only with counterparties that are of acceptable credit quality. The default risk of the industry and country in which the customers operate also has an influence on credit risk but to a lesser extent.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

As at 31 December 2016, the Group and the Company have concentration of credit risk of approximately 56% (2015 - 61%) of the Group's trade receivables from the Group's five largest customers (Note 24).

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

25.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial asset.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

25 Financial risk management (cont'd)

25.4 Liquidity risk (cont'd)

The Group	Carrying amount HK$'000	Contractual undiscounted cash flows Total HK$'000	Less than 1 year HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
As at 31 December 2016					
Trade and other payables	**44,336**	**44,336**	**44,336**	**–**	**–**
Convertible bonds	**20,062**	**24,366**	**1,398**	**22,968**	**–**
Borrowings	**16,271**	**16,806**	**16,806**	**–**	**–**
	80,669	**85,508**	**62,540**	**22,968**	**–**
As at 31 December 2015					
Trade and other payables	23,144	23,144	23,144	–	–
Convertible bonds	19,890	25,904	1,343	–	24,561
Borrowings	12,816	12,816	12,816	–	–
	55,850	61,864	37,303	–	24,561
The Company					
As at 31 December 2016					
Other payables	**528**	**528**	**528**	**–**	**–**
Convertible bonds	**20,062**	**24,366**	**1,398**	**22,968**	**–**
	20,590	**24,894**	**1,926**	**22,968**	**–**
As at 31 December 2015					
Other payables	552	552	552	–	–
Convertible bonds	19,890	25,904	1,343	–	24,561
	20,442	26,456	1,895	–	24,561

The table below summarises the maturity analysis of bank loans which contain a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements, on the exception that the banks do not call the loans. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The Group	Carrying amount HK$'000	Maturity analysis – Bank loans which contain a repayment on demand clause based on scheduled repayments Total HK$'000	Less than 1 year HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
As at 31 December 2016	**15,139**	**15,538**	**14,057**	**1,481**	**–**
As at 31 December 2015	11,815	12,191	8,318	1,025	2,848

26 Financial instruments

26.1 Fair values

The fair values of the derivative component of convertible bonds and warrants are determined using the Binomial option pricing model (Level 3 valuation).

The carrying amount of financial assets and liabilities, comprising trade and other receivables (excluding prepayments and deposits paid to a supplier), cash and cash equivalents, trade and other payables (excluding advances from customers) and borrowings, approximate their fair values. The Group and the Company do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

26.2 Fair value hierarchy

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the Levels within the hierarchy of financial instruments measured at fair value at the end of the reporting period:

The Group and the Company	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2016	–	–		
Derivative component of convertible bonds	–	–	195	195
Warrants	–	–	69	69
	–	–	264	264
As at 31 December 2015				
Derivative component of convertible bonds	–	–	(1)	(1)
Warrants	–	–	319	319
	–	–	318	318

Level 3 fair value measurement

The reconciliation of the carrying amount of financial instruments classified within Level 3 is disclosed in Note 13 (derivative component of convertible bonds), and Note 14 (Warrants).

Fair value measurement of non-financial assets

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Derivative component of convertible bonds	Binomial Option Pricing Model	- Credit Spread - Liquidity Risk Premium - Volatility - Risk Free Rate	There is a positive relationship between all of these key observable inputs and estimated fair value.
Warrants	Binomial Option Pricing Model	- Dividend yield - Exercise behaviour - Volatility - Risk Free Rate	There is a positive relationship between all of these key observable inputs and estimated fair value.

27 Capital management

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as going concern;
(b) To support the Group's and the Company's stability and growth;
(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
(d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage their capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Company is not subject to externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises trade and other payables, borrowings and convertible bonds (liability component), less cash and cash equivalents. Net capital represents equity attributable to owners of the Company.

	The Group		The Company	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade and other payables (Note 11)	**45,767**	24,371	**528**	552
Borrowings (Note 12)	**16,271**	12,816	**–**	–
Convertible bonds (liability component) (Note 13)	**19,867**	19,891	**19,867**	19,891
Total debt	**81,905**	57,078	**20,395**	20,443
Less: Cash and cash equivalents (Note 8)	**(39,262)**	(20,383)	**(1,527)**	(4,634)
Net debt	**42,643**	36,695	**18,868**	15,809
Equity attributable to owners of the Company	**45,748**	23,233	**30,819**	5,887
Total capital and net debt	**88,391**	59,928	**49,687**	21,696
Gearing ratio	**48%**	61%	**38%**	73%

28 Events after the reporting period

On 25 May 2017, the Company announced that it had entered into a Sale and Purchase Agreement ("SPA") for the sale and disposal of 100% of the issued and paid-up share capital of Joyas Group Limited, a wholly- owned subsidiary of the Company (the "Disposal Company" and together with its subsidiaries), to Lam Kam Yin (the "Proposed Disposal").

Upon completion of the Proposed Disposal, the Disposal Company will cease to be a subsidiary of the Company and the Jewellery Products and Metal Gift Products business segments would no longer form part of the Group. The Group's businesses will comprise the Nickel Ore and Financing Activities segments.

Joyas International Holdings Limited (the "**Company**") is committed to maintaining a high standard of corporate governance and has put in place corporate practices to protect the interests of its shareholders and enhance long-term shareholder value.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2016 ("**FY2016**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**2012 Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**"). The Board of Directors (the "**Board**") has complied with the principles and guidelines of the 2012 Code (where applicable) and all deviations from the 2012 Code are disclosed and explained.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

The Company is effectively headed by the Board to lead and control it. Apart from its fiduciary and statutory duties and responsibilities, the Board is collectively responsible for the success of the Company and its subsidiaries (the "**Group**") and it works with the Management to achieve this. The Management remains accountable to the Board. The Board oversees the affairs of the Group and focuses on strategies and policies, with particular attention paid to growth and financial performance. It delegates the formulation of business policies and day-to-day management to the Executive Director. The Board is responsible for:

1. providing entrepreneurial leadership, setting strategic aims, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

2. establishing a framework of prudent and effective controls which enables risk to be assessed and managed;

3. reviewing the Management's performance;

4. setting the Group's values and standards, and ensuring that obligations to shareholders and others are understood and met;

5. considering sustainability issues, for example, environmental and social factors, as part of its strategic formulation;

6. ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct;

7. ensuring the Group's compliance with good corporate governance practices; and

8. approving half-year and full-year result announcements.

Matters that specifically require Board approval include corporate and strategic directions, nomination of directors to the Board, appointment of key management personnel, material acquisitions and disposals of assets, share issuances, dividends and other forms of returns to shareholders. The Board also has guidelines setting forth clear directions to the Management on matters that must be approved by the Board. All Directors objectively make decisions in the best interests of the Company. The Board also delegates certain of its functions to the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, "**Board Committees**") and these functions are described separately under the various sections of each Committee below. Each Committee has its own defined terms of reference and procedures.

The Board is scheduled to meet at least twice a year and as and when warranted by circumstances. The Company's Bye-Laws allow a board meeting to be conducted by way of a telephone conference or by means of similar communication.

All Directors are updated regularly concerning any changes in company policies, risk management, accounting standards, relevant new laws, regulations and changing commercial risks. Directors are encouraged to attend, at the Group's expense, relevant and useful training or seminars conducted by external organisations. News releases issued by the SGX-ST which are relevant to the directors are circulated to the Board. The Board was briefed regularly by the Company's auditors on the key changes to the International Financial Reporting Standards. The Board was given updates at each Board meeting on business and strategic developments pertaining to the Group's business.

During FY2016, briefings, updates and trainings for the Directors includes:

- briefings by the external auditors on key changes to the International Financial Reporting Standards at the AC;

- updates by the Company Secretary on amendments to the Listing Manual Section B: Rules of the Catalist of the SGX-ST (the "**Catalist Rules**"), from time to time.

The number of meetings held in respect of FY2016 and the attendance of the Directors are set out in the table below:

Directors' attendance at Board and Board Committee Meetings								
	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Lau Chor Beng, Peter	2	2	NA	NA	NA	NA	NA	NA
Kwok Chin Phang	2	2	NA	NA	NA	NA	NA	NA
Ong Chor Wei	2	2	2	2	1	1	1	1
Cheung King Kwok	2	2	2	2	1	1	1	1
Lim Siang Kai	2	2	2	2	1	1	1	1

NA = Not Applicable

When a new Director is appointed, the Company will provide a formal letter to the new Director setting out his or her duties and obligations. In addition, the new Director will undergo an orientation program where the Managing Director will brief him or her on the Group's business, policies and governance practices to ensure that the new Director is familiar with those practices and is able to discharge his or her duties effectively. Directors and key management personnel undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. Other forms of training include governance practices and training in accounting, legal and industry-specific knowledge.

Principle 2: Board Composition and Guidance

The Board comprises:

Lau Chor Beng, Peter	(Chairman and Managing Director)
Ong Chor Wei	(Deputy Chairman and Non-Executive Director)
Kwok Chin Phang	(Non-Executive Director)
Cheung King Kwok	(Lead Independent Non-Executive Director)
Lim Siang Kai	(Independent Non-Executive Director)

The Board, taking into account the nature and scope of the Group's operations and the impact of the number of Directors upon effectiveness in decision making, is of the view that the current board size of five Directors, with more than one-third of the Directors being independent, is appropriate. The Board exercises judgment on corporate affairs objectively and independently, in particular, from the Management and no individual or small group of individuals dominates the Board's decision making.

Nevertheless, as the Chairman of the Board is a controlling Shareholder and not an Independent Director, in accordance with Guideline 2.2 of the 2012 Code, the Board will seek to make changes to its composition such that Independent Directors make up at least half of the Board by the time of the Annual General Meeting ("**AGM**") following the financial year ending 31 December 2017.

The Independent Directors consist of respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary and these competencies include accounting, finance and business management. The NC has reviewed and confirmed that none of the Independent Directors have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company. The Independent Directors have also confirmed their independence in accordance with the 2012 Code.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The current composition of the Board provides diversity in terms of skills, experience and knowledge. The current Board consists of directors with relevant skills in the following areas: accounting or finance, business management, business administration, business consulting, product development, corporate finance, audit, compliance and risk management. Furthermore, each Director has relevant qualifications and experience in their respective field of expertise. Key information on directors can be found in the "Board of Directors' section of this Annual Report. From a gender perspective, there is as yet no diversity as the Board comprised of male Directors.

Balance and Diversity of the Board	
	Number of Directors
Core Competencies	
- Accounting or finance	4
- Business management, business administration, business consulting	5
- Product development, relevant industry knowledge or experience	3
- Corporate Finance	4
- Audit, compliance and risk management	4

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The Independent Directors provide for a strong and independent element on the Board and are able to exercise objective judgment on corporate affairs independently from the Management, and together with the Non-Executive Directors, constructively challenge and help develop proposals on strategy and also review the performance of the Management in achieving agreed goals and objectives, and monitor the reporting of performance. To facilitate a more effective check on the Management, Non-Executive Directors and Independent Directors have met regularly without the presence of the Management in FY2016.

The composition of the Board and independence of each Independent Director are and will be reviewed annually by the NC in accordance with the guidelines under the 2012 Code. The Independent Directors, namely Mr Cheung King Kwok and Mr Lim Siang Kai have served beyond nine (9) years from the date of their first appointment. Mr Cheung King Kwok and Mr Lim Siang Kai were appointed on 21 December 2007. Pursuant to the guidelines of the 2012 Code, the Board has subjected the independence of the Directors to rigorous review. In doing so, the Board has taken into account the need for progressive refreshing of the Board, and they are of the view that Mr Cheung King Kwok and Mr Lim Siang Kai have demonstrated strong independent character and judgement over the years in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scruntinised and challenged the Management. They have sought clarification as they deemed necessary, including through direct access to the Management. Further, the NC has noted that there are no relationships or circumstances which are likely to affect or could appear to affect the judgement of the Independent Directors. After considering the view of the NC and the performances of Mr Cheung King Kwok and Mr Lim Siang Kai in discharging their duties, the Board is satisfied that the aforementioned Directors are independent in character and judgment, notwithstanding the tenure of their service on the Board. Mr Cheung King Kwok and Mr Lim Siang Kai had abstained from the above-mentioned review process in establishing their independence.

The Non-Executive Directors have met twice in the absence of key management personnel in FY2016.

Principle 3: Role of the Managing Director

According to the 2012 Code, the Chairman and Chief Executive Officer should in principle be separate persons. However, the Group is of the view that as it is redefining its business activities and is still in the stage of building up a cohesive management team, it is in the interest of the Group to have the role of Chairman and Chief Executive Officer assumed by the same person, i.e. Mr Lau Chor Beng, Peter, the Managing Director of the Company, and the Company will seek to separate the roles as soon as it is appropriate to do so.

The responsibilities of the Chairman include the following:

1. leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;
2. ensuring that the Directors receive accurate, timely and clear information;
3. ensuring effective communication and preserving harmonious relations with the shareholders;
4. encouraging constructive relations between the Board and the Management and between the Executive Directors and Non-Executive Directors;
5. facilitating the effective contribution of the Non-Executive Directors in particular;
6. promoting high standards of corporate governance and ensuring the Group's compliance with the 2012 Code; and
7. acting in the best interest of the Group and the shareholders.

As the Managing Director of the Company, Mr Lau Chor Beng, Peter is responsible for overseeing and managing the businesses of the Company.

Pursuant to Guideline 3.3 of the 2012 Code, Mr Cheung King Kwok had been appointed as the Lead Independent Director of the Company as the role of the Chairman and the Chief Executive Officer is vested in the same person, Mr Lau Chor Beng, Peter, who is the Managing Director of the Company. Mr Cheung makes himself available to shareholders if they have concerns relating to matters that contact through the Chairman and Managing Director has failed to resolve, or where such contact is inappropriate.

BOARD COMMITTEES

NOMINATING COMMITTEE

Principle 4: Board Membership

Principle 5: Board Performance

The members of the NC are as follows:

Cheung King Kwok (Chairman)
Lim Siang Kai (Member)
Ong Chor Wei (Member)

The NC is made up of three Non-Executive Directors with two of them, including the Chairman, are independent. The NC is scheduled to meet at least once a year and had convened a meeting on 26 February 2016. The NC is regulated by a set of written terms of reference which sets out its authority and its role, includes, but not limited to establish a formal and transparent process for:

1. reviewing and making recommendations to the Board on all Board appointments;
2. re-nomination of the Directors having regard to each Director's contribution and performance, including, if applicable, as an Independent Director;
3. reviewing of the Board's succession plans for directors, in particular, the Chairman and the Managing Director;
4. reviewing the training programs and professional development programs for the Directors;
4. determining annually whether or not a Director is independent; and
5. assessing the effectiveness of the Board as a whole, the effectiveness of the Board committees and the contribution of each Director to the effectiveness of the Board.

In the selection and nomination for new Directors, the NC identifies the key attributes that an incoming director should have, based on the attributes which complement and strengthen the existing Board as well as the requirements of the Group. After the identified attributes are endorsed by the Board, the NC taps on the resources of the Directors' personal contacts for recommendations of potential candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. The potential candidates will go through a shortlisting process. Interviews are then set up with the shortlisted candidates for the NC to assess them before a decision is made. The NC would then proceed to recommend the selected candidate to the Board for appointment.

New Directors are appointed by way of a board resolution, after the Board and NC has approved their nominations. Such new Directors submit themselves for re-election at the next AGM of the Company. Pursuant to the Company's Bye-Laws, every Director shall retire from office once every three years and for this purpose, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that no Director holding office as Managing Director or a person holding an equivalent position shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. Profiles of the Directors are found in this Annual Report.

The Directors who are retiring and who, being eligible, will offer themselves for re-election at the forthcoming AGM are named below:

Name of Director	Date of initial appointment	Due for re-election
Lau Chor Beng, Peter	4 October 2006	✓
Cheung King Kwok	21 December 2007	✓

The role of the NC also includes the responsibility of reviewing the re-nomination of Directors who retire by rotation, taking into consideration the Director's integrity, independence, mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC. The NC would assess the performance of individual directors in accordance with the performance criteria set out above. Subject to NC's satisfactory assessment, the NC would recommend the proposed re-election of a director to the Board.

The NC had reviewed and recommended that Mr Lau Chor Beng, Peter who will retire via rotation pursuant to Bye-Law 104 of the Bye-Laws of the Company, be nominated for re-election as Director at the forthcoming AGM of the Company and subject to being duly re-elected, Mr Lau Chor Beng, Peter will remain as the Chairman and the Managing Director of the Company.

Pursuant to Bye-Law 104 of the Bye-Laws of the Company, Mr Cheung King Kwok will retire at the forthcoming AGM. The NC, with Mr Cheung King Kwok having abstained from the deliberations, had recommended Mr Cheung King Kwok for re-election at the forthcoming AGM. Upon his re-election as a Director of the Company, Mr Cheung King Kwok will remain as an Independent Director, the AC Chairman, the NC Chairman and a member of the RC. Mr Cheung King Kwok will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Although some Directors hold directorships in other listed companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective. The Company has established internal guidelines to address the competing time commitments faced by these Directors serving on multiple boards.

The NC is of the view that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments and hence no maximum number of listed company board representations a Director may hold is prescribed. If a Director is on the Board of other companies, the NC will consider whether adequate time and attention have been devoted to the Company. In particular, the NC will consider the attendance of a Director in Board meetings or Board Committee meetings and whether a Director provides sufficient feedback or input for matters which require Board's or Board Committee's attention. In the event that there are sufficient grounds for concern, the Chairman and Managing Director shall discuss with the NC, and if necessary, bring to the attention of the Director of the issues and in any continuance, the consequences flowing from the situation. The NC has reviewed and is satisfied that the current Directors are able to and have adequately carried out their duties as Directors of the Company.

The Company does not have any alternate directors currently. Alternate directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age related concerns as well as Management succession plans.

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the individual Directors for their contribution and their commitment to their role. The appraisal process focuses on a set of performance criteria which includes, *inter alia*, the evaluation of the following: (a) Board's composition and size; (b) Board's processes; (c) risk management and internal control; (d) Board's effectiveness to meet its performance objectives for the relevant financial year and financial performance indicators; (e) recruitment process; (f) remuneration framework; and (g) financial reporting responsibility. Such performance criteria are approved by the Board and they address how the Directors have collectively enhanced long term shareholders' value. A Board evaluation is conducted annually whereby Directors completed a self-assessment checklist based on the abovementioned various areas of assessment to assess their views on various aspects of Board's, Board Committees' and individual Director's performance. The Company Secretary collated and submitted the questionnaire results to the NC Chairman. The NC then discussed the results of the assessment and concluded the performance results during the NC meetings. No external facilitator had been engaged to assist in the evaluation of the Board's performance for FY2016.

The Chairman and Managing Director acts on the results of the performance evaluation, and where appropriate, proposes new members to be appointed to the Board or seek the resignation of Directors in consultation with the NC through the process as elaborated above. The NC has assessed the performance of the current Board's overall performance during the financial year under review, and is of the view that the Board has met its performance objectives.

AUDIT COMMITTEE

Principle 11: Risk Management and Internal Controls

Principle 12: Audit Committee

Principle 13: Internal Audit

The AC comprises of the following Directors:

Cheung King Kwok	(Chairman)
Ong Chor Wei	(Member)
Lim Siang Kai	(Member)

The AC is made up of three Non-Executive Directors with the majority, including the Chairman is independent. The AC is scheduled to meet at least two times a year. For FY2016, the AC had met twice. The AC is regulated by a written set of terms of reference and performs the following functions, *inter alia:*

1. reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any announcements relating to the Group's financial performance before their submission to the Board;
2. reviewing the overall adequacy and effectiveness of the Group's material internal controls, including accounting, financial, operational, compliance and information technology controls, and risk management;
3. reviewing the effectiveness of the Company's internal audit function;
4. reviewing the audit plans of the Company's external auditors, the results of their examination, their evaluation of the system of internal accounting control and audit cost effectiveness;
5. reviewing the co-operation given by the Group's officers to the external auditors;
6. nominating or recommending the nomination of the external auditors for appointment, re-appointment or removal;
7. approving the remuneration and terms of engagement of the external auditors;
8. reviewing the independence and objectivity of the external auditors at least annually; and
9. reviewing interested person transactions.

In addition to the above, the AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management, full discretion to invite any Director or key executive to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the AC Chairman, have accounting or related financial management expertise and experience. None of the AC members was a previous partner or director of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

During the financial year, the AC received briefings from the external auditors on key changes to International Financial Reporting Standards and updates from the Company Secretary on the amendments to the Catalist Rules. This was done to keep the AC members abreast of changes or issues in relation to regulatory requirements, corporate governance issues and accounting standards, which have a direct impact on the review of Company's internal control process and significant financial reporting issues.

In FY2016, the Company was not able to reach a consensus with its then existing joint external auditors, BDO Limited, Hong Kong ("**BDO Hong Kong**") and BDO LLP, Singapore ("**BDO Singapore**") on the quantum of professional fees. The Board received formal notice from BDO Hong Kong and BDO Singapore on 19 October 2016 that they would be resigning as the joint auditors of the Company.

Following a review of the adequacy of the resources and experience of the Messrs HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong ("**HICL**") and Foo Kon Tan LLP, Singapore ("**FKT**") (collectively, "**HLB Joint Auditors**"), the Company had proposed and the shareholders had approved, on 25 November 2016, the appointment of HLB Joint Auditors as the new joint auditors of the Company (the "**Change of Auditors**").

Relevant details relating to the Change of Auditors including the information on HLB Joint Auditors, various factors considered by the Board to determine the suitability of HLB Joint Auditors to act as the Company's joint auditors and the AC recommendation can be found in the Company's circular to the shareholders dated 8 November 2016.

The external auditors have full access to the AC. The Company has in place a whistle-blowing framework, endorsed by the AC, where employees of the Group or any other person ("**Concerned Persons**") may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence to the AC. Concerned Persons may, in confidence, submit whistle-blowing reports to whistleblow-joyas@upbnet.com.hk. This arrangement facilitates independent investigation of such matters for appropriate resolution. In FY2016, the AC did not receive any whistle-blowing report. The AC has express power to commission investigations into any matter, which has or is likely to have material impact on the Group's operating results or financial results.

For FY2016, the AC met once with the external auditors and internal auditors without the presence of the Management. The AC shall review all non-audit services provided by the external auditors and shall keep the nature and extent of such services under review to balance the maintenance of objectivity. For the year under review, there were no non-audit services performed by the external auditors. The Company confirms that it complies with Rules 712 and 715 of the Catalist Rules. The financial statements of the HK Subsidiaries have been audited by the HLB Joint Auditors for the purpose of consolidating the financial statements of the Group. In FY2016, the Company engaged: (i) Luk Po Shan, Certified Public Accountant, Hong Kong ("**Luk Po Shan, CPA, Hong Kong**") to audit its Hong Kong subsidiary, Hong Kong Silver Basic Group Limited ("**HK Silver**"); (ii) Fairyield CPA Limited, Hong Kong to audit its Hong Kong subsidiaries, namely Happy Time Industries Limited, J&J Design Limited and Royce Gifts & Accessories Limited; and (iii) H.C. Wong & Co. to audit its Hong Kong subsidiaries, namely CCIG Financial Services Limited and Asia Growth Group Limited. The Company engaged Luk Po Shan, CPA, Hong Kong, Fairyield CPA Limited, Hong Kong and H.C. Wong & Co. to perform audit on the above mentioned Hong Kong subsidiaries of the Company ("**HK Subsidiaries**") for statutory and tax related purposes. In relation to the HK Subsidiaries, as required by Rule 716 of the Catalist Rules, the Company wishes to confirm that its Board and AC are satisfied that the appointment of Luk Po Shan, CPA, Hong Kong, Fairyield CPA Limited, Hong Kong and H.C. Wong & Co. as the auditors for the HK Subsidiaries would not compromise the objectivity, standard and effectiveness of the audit of the Group.

The Board ensures that the Management maintains a sound system of risk management and internal controls which is designed to provide a reasonable but not absolute assurance as to the integrity and reliability of the financial information and to safeguard the shareholders' investment and the Group's assets. The external auditors highlighted certain operational and business risks that they became aware of during their audit for FY2016, and have communicated and reported such risks to the AC. The AC and the Management have acknowledged and followed up on the external auditor's recommendations and ensured that the risks highlighted are reasonable and manageable in light of all commercial factors.

The AC assesses the independence of the external auditors annually. The aggregate amount of fees paid for the external auditors of the Group (Messrs HLB Hodgson Impey Cheng Limited, CPA, Hong Kong, Foo Kon Tan LLP, Singapore, H.C. Wong & Co, Luk Po Shan, CPA, Hong Kong and Fairyield CPA Limited, Hong Kong) for FY2016 was:

	HK$'000
Audit fees	794
Non-audit fees	–
Total fees	794

There were no non-audit fees paid in FY2016.

For internal audit work relating to FY2015, the Company outsourced the internal audit function to an external accounting firm, David Ho & Company, which carried out a review of the effectiveness of the material internal controls of certain cycles of the Group's metals gift subsidiary, Royce Gifts & Accessories Limited ("**Royce**"). David Ho & Company communicated their findings to the Management over the course of the audit. Key areas for improvement were highlighted and prioritised. David Ho & Company did not find any major shortcoming in the system of internal controls of Royce which would suggest the internal controls of Royce to be inadequate. David Ho & Company has completed its internal audit work relating to FY2015 on Royce in FY2016.

For internal audit work relating to FY2016, the Company has also appointed David Ho & Company to carry out a review of the effectiveness of the material internal controls of certain cycles of the Group's nickel trading subsidiary, Hong Kong Silver Basic Group Limited ("**HK Silver**"). David Ho & Company communicated their findings to the Management over the course of the audit. Key areas for improvement were highlighted and prioritised. David Ho & Company did not find any major shortcoming in the system of internal controls of HK Silver which would suggest the internal controls of HK Silver to be inadequate. David Ho & Company has completed its internal audit work relating to FY2016.

The Management reviews the Company's business and operational activities regularly to identify areas of significant business, operational and compliance risks, and employs a wide range of measures to control these risks, including financial, operational, compliance and information technology controls. The Management has embedded the risk management process and internal controls into all business operating procedures, where it becomes ultimately the responsibility of all business and operational managers. All findings or significant matters, if any, are highlighted to the Board and the AC for their review, and the Board monitors and reviews the adequacy and effectiveness of the internal controls and risk management policies.

The Board with the assistance of the AC has undertaken an annual assessment to review the Company's business and operation activities in FY2016 on the adequacy and effectiveness of the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks. The assessment considered issues dealt in the external and internal auditors' reports reviewed by the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2016. In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group are exposed to, as well as an understanding of what counter measures and internal controls are in place to manage them. There were no significant internal control weaknesses arising from the annual assessment undertaken in FY2016.

In respect of the past 12 months, the Board has also received assurances from the Managing Director and the Accounting Manager as well as the internal auditors 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 and the Group's risk management systems and internal control systems are adequate and effective.

Based on the framework of risk management and internal controls established and maintained by the Group, work performed by the external auditors, work performed by the internal auditors to date, annual review performed by the Management, the AC and the Board, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls as well as the risk management systems, were adequate and effective as at 31 December 2016.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The RC comprises of the following Directors:

Lim Siang Kai	(Chairman)
Ong Chor Wei	(Member)
Cheung King Kwok	(Member)

The RC is made up entirely of Non-Executive Directors with the majority, including the Chairman is independent so as to minimise the risk of any potential conflict.

The RC is scheduled to meet at least once a year and had convened a meeting in FY2016. The RC is regulated by a set of terms of reference and has access to independent professional advice inside and outside the Company, if necessary, in respect of the remuneration of all Directors and key management personnel. No remuneration consultants were engaged in FY2016.

The RC's main duties are:

1. to review and recommend to the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Directors and key management personnel, including those employees related to the Executive Director and controlling shareholders of the Group, if any, bearing in mind the need for a cautious comparison (in order to prevent the risk of an upward ratchet of remuneration levels with no corresponding improvements in performance) of pay and employment conditions of comparable companies in the same or similar industries, and to submit such recommendations for endorsement by the entire Board; and

2. to carry out its duties in the manner that it deemed expedient, subject to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

As part of its review, the RC shall consider:

1. all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits-in-kinds are covered;

2. the remuneration packages of Directors and key management personnel are comparable to companies in same or similar industries and that for Executive Directors. If appropriate, a proportion of Executive Director' and key management personnel's' remuneration would be structured so as to link rewards to group or corporate and individual performance. The performance related elements of remuneration may form a significant proportion of the total remuneration package of the Executive Director and shall be designed to align his interest with those of shareholders and to give the Executive Director keen incentives to perform at the highest levels;

3. the remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Non-Executive Directors, but also bearing in mind that Non-Executive Directors are not over-compensated to the extent that their independence may be compromised;

4. the level of remuneration is appropriate to attract, retain and motivate the Directors needed to run the Group successfully without such level being more than is necessary for this purpose; and

5. the remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The Company adopts a formal and transparent procedure for developing a policy on key executive remuneration and for fixing remuneration packages of individual Directors. No Director is involved in deciding his own remuneration. In setting remuneration packages, the Company takes into account pay and employment conditions of comparable companies in the same or similar industries, as well as the Group's relative performance and the performance of the individual Director or key executive.

Executive Director does not receive directors' fees. The remuneration policy for Executive Director and key management personnel consists of salary, bonus, pension fund contributions and benefits-in-kind. The performance conditions used to determine the entitlement of the Executive Director and key management personnel under short-term incentive scheme (such as bonus) and long-term incentive scheme (such as Joyas Share Option Scheme) comprises of qualitative and quantitative conditions. Examples of quantitative conditions are target revenue, target profit, sales growth and years of service. Examples of qualitative conditions are on-the-job performance, leadership, teamwork, etc.. The performance conditions are set by RC. The inclusion of the performance conditions in the service agreement of the Executive Director and key management personnel are done in a review conducted prior to the renewal of the service agreement of the Executive Director and key management personnel. There was no variable remuneration paid to Executive Director and key management personnel in FY2016. However, the RC has reviewed the performance of the Executive Director and key management personnel for FY2016, and notwithstanding that the FY2016 had been loss-making, the RC is of the view that their performances have been satisfactory.

The Non-Executive and Independent Directors do not have any service contracts. They are paid a basic fee for serving on any of the Board Committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account. The Board recommends payment of such fees to be approved by shareholders as a lump sum payment at the AGM of the Company.

The Executive Director is paid in accordance with his service agreements. This service agreement is not excessively long and it does not have onerous removal clauses. The Executive Director or the Company may terminate the service agreement by giving to the other party not less than three months' notice in writing, or in lieu of notice, payment of an amount equivalent to three months' salary based on the Executive Director's last drawn salary. The RC aims to be fair and avoids rewarding poor performance, if any.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Director and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses (if any) based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Director and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

Directors' Remuneration

The remuneration of the Directors consists of their salary, bonus, mandatory provident fund ("**MPF**"), directors' fee and benefits-in-kind. The details of their remuneration package are given below.

Directors	Salary HK$'000	Directors' Fee HK$'000*	Percentage of Variable Remuneration %	Percentage of Fixed Remuneration (including Directors' Fee) %	No. of Stock Options granted as at 31 December 2016 (Exercise Price#) '000
Executive Directors					
Lau Chor Beng, Peter	310	–	–	100	–
Non-executive Directors					
Kwok Chin Phang	–	120	–	100	19,000
Ong Chor Wei	–	120	–	100	3,000
Cheung King Kwok	–	142	–	100	9,500
Lim Siang Kai	–	126	–	100	9,500

* The remuneration in the form of Directors' Fee is subject to the approval of the shareholders at the forthcoming AGM.

The exercise price of the share options granted to the non-executive Directors is set out as below:

Directors	No. of Stock Options granted on 25 May 2015 '000	Exercise Price S$	No. of Stock Options granted on 19 August 2016 '000	Exercise Price S$
Kwok Chin Phang	3,000	0.03	16,000	0.0035
Ong Chor Wei	3,000	0.03	–	–
Cheung King Kwok	1,500	0.03	8,000	0.0035
Lim Siang Kai	1,500	0.03	8,000	0.0035

Remuneration of Key Management Personnel

Details of remuneration paid to the top seven (7) key management personnel (who are not also Directors) of the Company for the financial year are set out below. The remuneration of the key management personnel consists of their salary, bonus, mandatory provident fund (MPF) and benefits-in-kind.

For competitive reasons, the Company is only disclosing the band of remuneration of each key management personnel for the financial year under review as follows:

	Percentage of Variable Remuneration %	Percentage of Fixed remuneration (Including Directors' Fee) %	No. of Stock Options granted as at 31 December 2016 '000
Key Management Personnel Below S$250,000			
Chan Shui Ki	–	100	–
Chueng Wai Hung, Danny	–	100	
Lau Chor Wing	–	100	–
Lau Ka Yiu	–	100	–
Lui Mui Ching	–	100	–
Tung Ka Chun	–	100	–
Wang De Zhou	–	100	

In aggregate, the remuneration of the key management personnel set out in the table above for the financial year under review is HK$3.0 million.

There were no termination, retirement and post-employment benefits that may be granted to Directors, the Managing Director and the top seven (7) key management personnel in FY2016.

Mr Lau Ka Yiu is the son of Mr Lau Chor Beng, Peter (the Chairman and Managing Director) and the nephew of Mr Lau Chor Wing and Mr Cheung Wai Hung, Danny. Mr Lau Chor Wing is the brother of Mr Lau Chor Beng, Peter. Mr Cheung Wai Hung, Danny is the brother-in-law of Mr Lau Chor Beng, Peter and Mr Lau Chor Wing.

During the financial year under review, the remuneration of Mr Lau Ka Yiu and Mr Cheung Wai Hung, Danny was over S$50,000 and below S$100,000 and the remuneration of Mr Lau Chor Wing was over S$200,000 and below S$250,000.

Save as disclosed above, there are no employees who are immediate family members of any Director or the Chairman and Managing Director and whose remuneration exceeded S$50,000 during the financial year under review.

Share Option Scheme

The Company has adopted a share option scheme known as the Joyas Share Option Scheme (the "**Scheme**"), for the granting of options to reward and retain employees of the Group and of associated companies whose services are vital to the Group's well-being and success. The Company has amended the rule of the Scheme to allow the participation of the Executive Directors and Non-Executive Directors in the Scheme. The shareholders had duly approved the amendments to the Scheme in a Special General Meeting held on 8 January 2015. However, the Group employees who are controlling shareholders (holding 15% or more of the shareholding of the Company's issued share capital) of the Company or their associates are not eligible to participate in the Scheme. Options are granted for a term of 10 years to purchase the Company's ordinary shares at an exercise price determined by the Remuneration Committee, at its absolute discretion at (a) a price equal to the average of the last dealt prices of the Company's shares on the SGX-ST for the five consecutive market days immediately prior to the relevant date of grant of the options (the "**Average Price**"); or (b) a discount to the Average Price provided that the maximum discount which may be given in respect of any options shall not exceed 20% of the Average Price. These options do not entitle the holders to participate, by virtue of the options, in any share issue of any other corporation. Since the commencement of the Scheme on 21 December 2007, 41,000,000 share options have been granted by the Company. For the details in relation to the grant of the share options, please refer to the Company's announcements dated 25 May 2015 and 19 August 2016.

Principle 6: Access to Information

It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility extends to the interim and full-year financial results announcements, other price-sensitive public reports and reports to regulators (if required).

In order to ensure that the Board is able to fulfill its responsibilities, the Management provides the Board with regular management accounts and all relevant information for assessment of the Group's performance. In addition, all relevant information on material events and transactions are circulated to the Directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings and the AC meetings to answer queries and provide detailed insights into their areas of operations. The Board, individually or as a group, also has separate and independent access to the senior management staff. A quarterly report of the Group's activities is also provided to the Directors.

Types of information provided by key management personnel to the Board (including Independent Directors)		
	Information	**Frequency**
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Every meeting
2.	Updates to the Group's operations and the markets in which the Group operates in	Every meeting
3.	Reports on on-going or planned corporate actions	When necessary
4.	Enterprise risk framework and internal auditors' ("**IA**") report(s)	Yearly
5.	Research report(s)	When necessary
6.	Shareholding statistics	Yearly
7.	External auditors' ("**EA**") report	Yearly

The Board, individually or as a group, in the discharge of its duties, has access to independent professional advice, as and when necessary, at the Company's expense.

The Board members have separate and independent access to the Company Secretary. Under the direction of the Chairman and Managing Director, the Company Secretary ensures good information flow within the Board and its committees and between the Management and the Non-Executive Directors, as well as facilitates orientation and assists with professional development as required. The Company Secretary attends all Board meetings and Board Committees meetings. The Company Secretary assists the Board to ensure that the Board procedures and relevant rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

COMMUNICATION WITH SHAREHOLDERS

Principle 10: Accountability

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholder Meetings

The Company recognises the need to communicate regularly, effectively and fairly with shareholders on all material matters affecting the Group and does not practice selective disclosure. In this respect, the Board presents a balanced and understandable assessment of the Group's performance, position and prospects and such responsibility extends to price sensitive announcements, including half-year and full-year results and reports to regulators, if any, all of which are released through SGXNET. All press releases are announced through SGXNET before they are published. Where there is inadvertent disclosure made to a selected group, the Company ensures that the same is disclosed publicly to all others as soon as practicable. To date, there are no such inadvertent disclosures.

The Company may also hold media meetings on significant events.

All shareholders of the Company receive the Annual Report and notice of the upcoming AGM which are despatched to all shareholders before the scheduled general meeting date. Shareholders are encouraged to participate and are given the opportunity to air their views and ask questions regarding the Group and its businesses. The external auditors and legal advisors (if necessary) are present to assist the Directors in addressing any queries by shareholders. In addition, the chairpersons of the AC, NC and RC are present to address questions at AGM.

Apart from AGMs, the Company also regularly conveys pertinent information, gathers views or inputs from the shareholders and the media and addresses shareholders' concerns. In disclosing information, the Company strives to be as descriptive, detailed and forthcoming as possible. The Company meet with institutional and retail investors at least once a year at the AGM of the Company.

The Bye-Laws of the Company allow a member of the Company to appoint one or two proxies to attend and vote instead of the member. Voting in absentia and electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of members through the web is not compromised.

All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, were explained by the scrutineers at such general meetings.

There are separate resolutions at general meetings on each substantially separate issue.

The detailed voting results, including the total number of votes cast for or against each resolution tabled, will be announced immediately at the general meetings and via SGXNET.

The Company records minutes of all AGMs and questions and comments from shareholders together with the respective responses are also recorded. These are available to shareholders upon request.

The Company does not have a dividend policy. As the Company's current priority is to achieve long-term growth for the benefit of its shareholders, the income of the Group shall therefore be retained for investment into the future. As such, no dividends are paid for FY2016. The Board would consider establishing a dividend policy at the appropriate time.

The Company does not have a corporate website at the moment. A dedicated and well-maintained investor relations website will be created together with the corporate website when operational needs requires. The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

DEALINGS IN SECURITIES

In compliance with the Catalist Rules, the Company has adopted and implemented an internal code on dealing in securities.

The Company, Directors and all officers are prohibited from dealing in the Company's securities at least one month before the announcement of the Company's half-year and full-year results until the date of the release of the announcement, or if they are in possession of unpublished price-sensitive information of the Company. In addition, Directors, key management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The Directors and all officers are required to notify the Company of any dealings in the Company's securities (during the open window period) and within two business days of the transaction(s). At all times, the Directors and all officers are aware that it is an offence to deal with securities in the Company and those of other companies when they are in possession of unpublished price-sensitive information in relation to those securities and that the law on insider trading applies to them at all times. As such, the Directors and all officers ensure that their dealings in securities, if any, do not contravene the law.

The internal code on dealing also ensures that the Company, Director or officer does not deal in the Company's securities on short-term considerations.

The Directors and all officers are periodically reminded of all requirements of the code of conduct and all applicable laws via the regular circulation of internal memoranda. The internal memoranda ensure that the Directors and all officers are aware that they are subject to requirements set out in the various applicable laws. Each officer is required to submit a declaration annually that he is in compliance with and has not breached the code of conduct.

MATERIAL CONTRACTS

There were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Directors or controlling shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

RISK MANAGEMENT

The Management oversees the Company's risk management policies and processes and reports to the Board on areas of significant risk to the Company's operations. In addressing and managing the risks faced by the Company, the Management is also supported by the AC, the NC and the RC.

The Company seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transaction with interested party within the definition of Chapter 9 of the Catalist Rules and has in place procedures for review and approval of all interested person transactions.

The Group has not obtained a general mandate from shareholders for interested person transactions ("**IPT**") pursuant to Rule 920(1)(a)(ii).

There were no IPTs with value of more than S$100,000 entered into during the financial year under review.

USE OF NET PROCEEDS

Use of net proceeds from the issue of S$3,503,459 in aggregate principal amount of convertible bonds in FY2016 (the "Convertible Bonds").

The Group's utilisation of the net proceeds of approximately S$3.5 million from the issue of Convertible Bonds is set out as below:

Use of net proceeds	Amount of net proceeds allocated S$'000	Amount utilised to date S$'000	Amount unutilised to date S$'000
Exploration of and investment in business opportunities in the Nickel Distribution and Trading Business	2,640	2,640	–
General working capital[1] purposes, including the general purchase of inventories and payment of operating expenses	660	660[1]	–
Total	3,300	3,300	–

1 The amount of net proceeds utilised for general working capital was used for administrative expenses (S$400,000) and settlement of accounts payable (S$260,000).

The allocation and utilisation of the net proceeds from the issue of Convertible Bonds is in accordance with the intended use as stated in the announcements in relation to the issue of Convertible Bonds.

Use of net proceeds from the issuance of 50,000,000 placement shares at an issue price of S$0.032 per placement share in June 2015 (the "Placement")

The Group's utilisation of the net proceeds of approximately S$1.5 million from the Placement is set out as below:

Use of net proceeds	Amount of net proceeds allocated S$'000	Amount of net proceeds allocated after the Reallocation S$'000	Amount utilised to date S$'000	Amount unutilised to date S$'000
General working capital[1]	770.5	770.5	770.5[1]	–
Potential investments and acquisitions	770.5	–	–	–
Exploration of and investment in the business opportunities in its Nickel Distribution and Trading Business	–	770.5	670.5	100
Total	1,541	1,541	1,441	100

1 The amount of net proceeds utilised for general working capital was used for administrative expenses (S$470,500) and settlement of accounts payable (S$300,000).

On 19 May 2016, the Company announced that it has reallocated S$770,500 of the net proceeds (the "**Reallocated Proceeds**") from the Placement initially allocated for the purpose of potential investments and acquisitions (the "**Reallocation**"). In the announcement dated 28 May 2015, the Company had represented that it intended to use half of the net proceeds (approximately S$770,500) from the Placement for general working capital and the remaining half of the net proceeds (approximately S$770,500) for potential investments and acquisitions. The Company is of the view that the Reallocated Proceeds would be better utilised for the purpose of exploration of and investment in the business opportunities in its Nickel Distribution and Trading Business.

The Company will make further announcements when the remaining net proceeds from the Placement are materially disbursed.

Use of net proceeds from the issue of 1,508,904,240 shares pursuant to a rights issue in FY2016 (the "2016 Rights Issue")

The Group's utilisation of the net proceeds of approximately S$5.03 million from the 2016 Rights Issue is set out as below:

Use of net proceeds	Amount of net proceeds allocated S$'000	Amount utilised to date S$'000	Amount unutilised to date S$'000
Funding the Financing Business of the Company	4,023	3,120	903
General Working Capital[1]	1,006	500[1]	506
Total	5,029	3,620	1,409

1 Approximately S$500,000 was used for administrative expenses which include payment of professional fees and wages.

The allocation and utilisation of the net proceeds from the 2016 Rights Issue is in accordance with the intended use as stated in the announcement with respect to the 2016 Rights Issue dated 15 July 2016.

The Company will make further announcements when the remaining net proceeds from the 2016 Rights Issue are materially disbursed.

NON-SPONSORSHIP FEES

For FY2016, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd., non-sponsor fees of S$30,000.

CORPORATE GOVERNANCE SUMMARY

For ease of reference, a table containing a summary of the salient corporate governance matters in this Corporate Governance Report is set out below.

The Corporate Governance Question & Answer Table below sets out the main corporate governance matters required by the 2012 Code, and is presented in a question and answer format for easier readability.

CORPORATE GOVERNANCE QUESTION & ANSWER TABLE

The Corporate Governance Q&A Table below sets out the main corporate governance matters required by the 2012 Code, and is presented in a question and answer format for easier readability.

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the 2012 Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the 2012 Code (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the 2012 Code?	(a) The Company has complied with the principles and guidelines as set out in the 2012 Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the 2012 Code and/or the Guide (b) Not applicable. The Company did not adopt any alternative corporate governance practices in FY2016.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Matters that specifically require Board approval include corporate and strategic directions, nomination of directors to the Board, appointment of key management personnel, material acquisitions and disposals of assets, share issuances, dividends and other forms of returns to shareholders.

Guideline	Questions	How has the Company complied?
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	(a) In The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	(b) The current composition of the Board provides diversity in terms of skills, experience and knowledge. The current Board consists of Directors with relevant skills in the following areas: product development, business administration, business management, business consulting, accounting or finance, corporate finance, audit, compliance and risk management. Furthermore, each Director has relevant qualifications and experience in their respective field of expertise. Key information on directors can be found in the "Board of Directors' section of this Annual Report. From a gender perspective, there is as yet no diversity as the Board comprised of male Directors. . Please find the numerical table as set out on page 62 of the annual report.
	(c) What steps has the Board taken to achieve the necessary to maximise its effectiveness?	(c) The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole, the Board Committees as well as to assess the individual Directors for their contribution and their commitment to their role. The appraisal process focuses on a set of performance criteria which includes, *inter alia*, the evaluation of the following: (a) Board's composition and size; (b) Board's processes; (c) risk management and internal control; (d) Board's effectiveness to meet its performance objectives for the relevant financial year and financial performance indicators; (e) recruitment process; (f) remuneration framework; and (g) financial reporting responsibility. Such performance criteria are approved by the Board and they address how the Board has enhanced long term shareholders' value.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors	In the selection and nomination for new Directors, the NC identifies the key attributes that an incoming Director should have, based on the attributes which complement and strengthen the existing Board as well as the requirements of the Group. After endorsement by the Board of the identified attributes, the NC taps on the resources of the Directors' personal contacts for recommendations of potential candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. The potential candidates will go through a shortlisting process. Interviews are then set up with the shortlisted candidates for the NC to assess them before a decision is made. The NC would then proceed to recommend the selected candidate to the Board for appointment. New Directors are appointed by way of a board resolution, after the Board and NC has approved their nominations. Such new Directors submit themselves for re-election at the next AGM of the Company. Pursuant to the Company's Bye-Laws, every Director shall retire from office once every three years and for this purpose, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that no Director holding office as Managing Director or a person holding an equivalent position shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. The role of the NC also includes the responsibility of reviewing the re-nomination of Directors who retire by rotation, taking into consideration the Director's integrity, independence mindedness, operational and technical contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC. The NC would assess the performance of individual directors in accordance with the performance criteria set out above. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-election of a director to the Board.

Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new Directors given formal training? If not, please explain why. (b) What are the types of information and training provided to (i) new Directors and (ii) existing directors to keep them up-to-date?	(a) There were no incoming directors during the course of the financial year. When new Directors are appointed, the Company will provide a formal letter to the new Directors setting out their duties and obligations. In addition, the new Directors will undergo an orientation program where the Managing Director will brief them on the Group's business, policies and governance practices to ensure that they are familiar with them. Directors and key management personnel undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. Other forms of training include governance practices and training in accounting, legal and industry-specific knowledge. (b) All Directors are updated regularly concerning any changes in company policies, risk management, accounting standards, relevant new laws, regulations and changing commercial risks. Directors are encouraged to attend, at the Group's expense, relevant and useful training or seminars conducted by external organisations. News releases issued by the SGX-ST which are relevant to the directors are circulated to the Board. The Board was briefed regularly by the Company's auditors on the key changes to the International Financial Reporting Standards. The Board was given updates at each meeting on business and strategic development pertaining to the Group's business.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number? (b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations in deciding on the capacity of the directors?	(a) Not applicable as there is no maximum number prescribed. (b) The NC is of the view that it is for each director to assess his own capacity and ability to undertake other obligations or commitments and hence, no maximum number of listed company board representations a Director may hold is prescribed. The Company has established internal guidelines to address the competing time commitments faced by these Directors serving on multiple boards. (c) If a Director is on the Board of other companies, the NC will consider whether adequate time and attention have been devoted to the Company. In particular, the NC will consider the attendance of a director in Board meetings or Board Committee meetings and whether a director provide sufficient feedback or input for matters which require Board's or Board Committees' attention. In the event that there are sufficient grounds for concern, the Managing Director shall discuss with the NC, and if necessary, bring to the attention of the Director of the issues and in any continuance, the consequences flowing from the situation.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year? (b) Has the Board met its performance objectives?	(a) The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole, the Board Committees, as well as to assess the individual Directors for their contribution and their commitment to their role. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board's composition and size, the Board's processes, the Board's effectiveness and training, the provision of information to the Board, the Board's standards of conduct and financial performance indicators. Such performance criteria are approved by the Board and they address how the Board has enhanced long term shareholders' value. (b) The NC has assessed the performance of the current Board's overall performance during the financial year under review, and is of the view that the Board has met its performance objectives.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on proportion of the independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company	The Board has complied with the requirements of the 2012 Code. At least one-third of the Board comprises of Independent Directors. The Independent Directors chair all the Board Committees which play a pivotal role in supporting the Board. As the Chairman of the Board is a controlling Shareholder and not an Independent Director, in accordance with Guideline 2.2 of the 2012 Code, the Board will seek to make changes to its composition such that Independent Directors make up at least half of the Board by the time of the AGM following the financial year ending 31 December 2017.

Guideline	Questions	How has the Company complied?
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the 2012 Code that would otherwise deem him not be to independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There is no Director who falls under the category as described here.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	In FY2016, Independent Directors, namely Mr Cheung King Kwok and Mr Lim Siang Kai have served on the Board beyond nine (9) years from the date of their first appointment. Pursuant to the guidelines of the 2012 Code, the Board has subjected the independence of the Directors to rigorous review. The factors taken into consideration during the review had been disclosed under page 62 of the Corporate Governance Report. After considering the view of the NC and the performances of Mr Cheung King Kwok and Mr Lim Siang Kai in discharging their duties, the Board is satisfied that the aforementioned Directors are independent in character and judgment, notwithstanding the tenure of their service on the Board. Mr Cheung King Kwok and Mr Lim Siang Kai had abstained from the review process mentioned in establishing their independence.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into fixed/base salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, as set out under page 67 of the Corporate Governance Report.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into fixed/base salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(a) Yes, as set out under page 68 of the Corporate Governance Report. (b) The aggregate total remuneration paid to the top seven (7) key management personnel (who are not Directors or the Managing Director) was approximately HK$3.0 million.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during this year? If so, please identify the employee and specify the relationship with the relevant director or CEO.	Mr Lau Ka Yiu is the son of Mr Lau Chor Beng, Peter (the Chairman and Managing Director) and the nephew of Mr Lau Chor Wing and Mr Cheung Wai Hung, Danny. Mr Lau Chor Wing is the brother of Mr Lau Chor Beng, Peter. Mr Cheung Wai Hung, Danny is the brother-in-law of Mr Lau Chor Beng, Peter and Mr Lau Chor Wing. During the financial year under review, the remuneration of Mr Lau Ka Yiu and Mr Cheung Wai Hung, Danny was over S$50,000 and below S$100,000 and the remuneration of Mr Lau Chor Wing was over S$200,000 and below S$250,000.
Guideline 9.6	(a) Please describe how the remuneration received by the executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and the long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	(a) The remuneration received by the Executive Director and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2016. Their remuneration is made up of fixed compensations. The fixed compensation consists of an annual base salary and fixed allowance. (b) The performance conditions used to determine the entitlement of the Executive Directors and key management personnel (if any) under short-term incentive scheme (such as Bonus) and long term incentive scheme (such as Joyas Share Option Scheme) comprises of both qualitative and quantitative conditions. Examples of quantitative conditions are target revenue, target profit, sales growth and years of service. Examples of qualitative conditions are on-the-job performance, leadership, teamwork, etc. The performance conditions are set by the RC. The inclusion of the performance conditions in the service agreement of the Executive Director and key management personnel is done in a review conducted prior to the renewal of the service agreement of the Executive Directors and key management personnel. (c) There was no variable remuneration paid to the Executive Director and key management personnel in FY2016. However, the RC has reviewed the performance of the Executive Director and key management personnel for FY2016, and is of the view that their performances have been satisfactory.

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is this information provided?	In order to ensure that the Board is able to fulfill its responsibilities, the Management provides the Board with regular management accounts and all relevant information for assessment of the Group's performance. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. Please refer to the Principle 6 of the Corporate Governance Report for further details on the type of information disseminated to the Board (including Independent Directors) to discharge their duties. Whenever necessary, senior management staff will be invited to attend the Board meetings and AC meetings to answer queries and provide detailed insights into their areas of operations. The Board, either individually or as a group, also has separate and independent access to the senior management staff. A quarterly report of the Group's activities is also provided to the Directors.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. The Company has outsourced its internal audit function to an external accounting firm, David Ho & Company ("IA"). The IA reports primarily to the AC and has unrestricted access to the documents, records, properties and personnel of the Company and the Group.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	(a) The Board with the assistance of the AC has undertaken an annual assessment in FY2016 on the adequacy and effectiveness of the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks. The assessment considered issues dealt in the external and internal auditors' reports reviewed by the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2016. In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group are exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them. There is no significant internal control weakness arising from the annual assessment undertaken in FY2016.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) 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 (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(b) The Board has also received assurances from the Managing Director and the Accounting Manager and the internal auditors 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 and the Group's risk management systems and internal control systems were adequate and effective for the past 12 months. Based on the framework of risk management and internal controls established and maintained by the Group, work performed by the external auditors, work performed by the internal auditors to date, annual review performed by the Management, the AC and the Board, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls as well as the risk management systems, were adequate and effective as at 31 December 2016.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	(a) The aggregate amount of fees paid for the external auditors of the Group (Messrs HLB Hodgson Impey Cheng Limited, CPA, Hong Kong, Foo Kon Tan LLP, Singapore, H.C Wong & Co, Luk Po Shan, CPA, Hong Kong and Fairyield CPA Limited, Hong Kong) for the financial year ended 31 December 2016 was: **HK$ '000** Audit fees: 794 Non-audit fees: – Total fees: 794
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(b) For the year under review, there were no non-audit services performed by the external auditors.

Guideline	Questions	How has the Company complied?
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	(a) Yes. The Company recognises the need to communicate regularly, effectively and fairly with shareholders on all material matters affecting the Group and does not practice selective disclosure. In this respect, the Board presents a balanced and understandable assessment of the Group's performance, position and prospects and such responsibility extends to price sensitive announcements, including half-year and full-year results and reports to regulators, if any, all of which are released through SGXNET. All press releases are announced through SGXNET before they are published. Where there is inadvertent disclosure made to a selected group, the Company ensures that the same is disclosed publicly to all others as soon as practicable. To date, there are no such inadvertent disclosures. Shareholders are encouraged to attend, to participate effectively, to vote in the general meetings of the Company, to stay informed of the Company's strategy and goals, in order to ensure a high level of accountability. Notice of the general meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 15 working days before the meeting. If and where questions are presented by the shareholders (in a general meeting or otherwise), the Company will communicate with its shareholders and attend to such questions. The Company meet with institutional and retail investors at least once a year at the AGM of the Company.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	(b) The Company does not have a dedicated investor relations team. This role is performed by the Directors.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the Annual Report?	(c) The Group proactively engages shareholders through analyst/media briefings, investor conferences and road shows. In these meetings, matters pertaining to business strategy, operational and financial performance and business prospects were shared by the senior management team.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	As the Company's current priority is to achieve long-term growth for the benefit of its shareholders, the income of the Group shall therefore be retained for investment into the future. As such, no dividends would be paid for FY2016. The Board would consider establishing a dividend policy at the appropriate time.

Authorised share capital	–	HK$100,000,000
Issued and fully paid-up	–	HK$19,137,770
Issued and fully paid-up shares excluding treasury shares	–	1,913,776,973
Class of shares	–	Ordinary shares of HK$0.01 each
Voting rights	–	1 vote per ordinary share
Treasury shares	–	Nil
Subsidiary holdings	–	Nil

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 24 May 2017, 20.69% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist issued by the Singapore Exchange Securities Trading Limited is complied with.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	11	1.20	172	0.00
100 – 1,000	152	16.67	147,213	0.01
1,001 – 10,000	262	28.73	1,333,760	0.07
10,001 – 1,000,000	422	46.27	88,875,516	4.64
1,000,001 AND ABOVE	65	7.13	1,823,420,312	95.28
Total	**912**	**100.00**	**1,913,776,973**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	JOYAS INVESTMENTS GROUP LIMITED	842,951,466	44.05
2	REACH WIN LIMITED	560,000,000	29.26
3	KWOK CHIN PHANG	114,766,000	6.00
4	RAFFLES NOMINEES (PTE) LIMITED	35,487,700	1.85
5	OCBC SECURITIES PRIVATE LIMITED	26,390,000	1.38
6	LIM MUI CHOO	20,000,000	1.05
7	PHILLIP SECURITIES PTE LTD	16,507,500	0.86
8	ANG KIAN KOK	15,000,000	0.78
9	FRANCIS LEE FOOK WAH	11,132,346	0.58
10	LIM KIAN HONG (LIN JIAN HONG)	11,000,000	0.57
11	KOH YEW CHOO	9,152,000	0.48
12	SHEN FUYU	8,400,000	0.44
13	LOO BEE KENG	8,305,600	0.43
14	TAN LYE SENG	7,952,000	0.42
15	GOH IMM HWEE	6,750,200	0.35
16	ONG PENG WAI (WANG BINGWEI)	6,000,000	0.31
17	MANOHAR P SABNANI	5,250,000	0.27
18	LIM SENG CHIANG	5,000,000	0.26
19	LIN LIXIN	5,000,000	0.26
20	NG BOON THIAM	4,900,000	0.26
	TOTAL	**1,719,944,812**	**89.86**

SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
	Direct Interest	%	Deemed Interest	%
Joyas Investments Group Limited (1)	842,951,466	44.05	–	–
Lau Chor Beng, Peter (2) (3) (5)	–	–	842,951,466	44.05
Reach Win Limited (6) (7)	560,000,000	29.26	–	–
Delton Group Limited (6)	–	–	560,000,000	29.26
Cavendish Limited (7)	–	–	560,000,000	29.26
Ong Chor Wei (6)	–	–	565,600,000	29.55
Yung Fung Ping (7)	–	–	560,000,000	29.26
Kwok Chin Phang (8)	114,766,000	6.00	–	–

Notes:-

(1) The shareholders of Joyas Investments Group Limited are as follows:-

	Number of shares in Joyas Investments Group Limited	%
Lau Chor Beng, Peter (2) (3) (5)	591	59.10
Cheung Wai Hung, Danny (3)	154	15.40
Uprich Holdings Limited (4)	154	15.40
Chan Shui Ki	45	4.50
Lau Chor Wing (5)	36	3.60
Lau Chor Ming, Johnny (5)	20	2.00
	1,000	100.00

Lau Chor Beng, Peter, holds 59.10% interest in Joyas Investments Group Limited, is deemed to have an interest in the shares held by Joyas Investments Group Limited.

(2) Lau Chor Beng, Peter is the Chairman and Managing Director of the Company.

(3) Cheung Wai Hung, Danny is the brother-in-law of Lau Chor Beng, Peter. He was a director of the Company. He resigned from the Board on 15 November 2015.

(4) Ong Chor Wei, the Deputy Chairman and Non-Executive Director of the Company, holds 50% interest in Uprich Holdings Limited, a BVI investment holding company. The remaining 50% interest in Uprich Holdings Limited is held by Mr Wong Wai Shan. Both Mr Ong and Mr Wong are also directors of Uprich Holdings Limited. Mr Ong and Mr Wong are not related to each other nor other Directors of the Company. Uprich Holdings Limited became a shareholder of Joyas Investments Group Limited on 30 March 2007.

(5) Lau Chor Wing and Lau Chor Ming, Johnny are brothers of Lau Chor Beng, Peter.

(6) Delton Group Limited is deemed interested in the Shares held by Reach Win Limited of which Delton Group Limited is a controlling shareholder. Mr Ong Chor Wei is deemed interested in the Shares held by Reach Win Limited, of which Mr Ong Chor Wei is a director, and he holds 100% shareholding interest in Delton Group Limited. Mr Ong, together with 5,600,000 shares held by his nominee, Royal Bank of Canada (Singapore Branch), is deemed to have an interest of 565,600,000 shares in the issued and paid-up share capital of the Company.

(7) Cavendish Limited is deemed interested in the Shares held by Reach Win Limited of which Cavendish Limited is a controlling shareholder. Ms Yung Fung Ping is deemed interested in the Shares held by Reach Win Limited, of which Ms Yung Fung Ping is a director and she holds 100% shareholding interest in Cavendish Limited.

(8) Kwok Chin Phang is the Non-Executive Director of the Company.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Joyas International Holdings Limited (the "**Company**") will be held at 1 Robinson Road, #18-00 AIA Tower, Singapore 048542 on Wednesday, 28 June 2017 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Published Financial Statements of the Company for the financial year ended 31 December 2016 together with the Directors' Report and Auditors' Report thereon. **(Resolution 1)**

2. To approve Directors' fees of HK$537,000 for the financial year ending 31 December 2017 (2016: HK$507,600). **(Resolution 2)**

3. To re-elect Mr Lau Chor Beng, Peter retiring pursuant to Bye-Law 104 of the Bye-Laws of the Company.

   Mr Lau Chor Beng, Peter, will upon re-election as a Director of the Company, shall remain as the Managing Director of the Company. Information of Mr Lau Chor Beng, Peter can be found on page 10 of the Annual Report. **(Resolution 3)**

4. To re-elect Mr Cheung King Kwok retiring pursuant to Bye-Law 104 of the Bye-Laws of the Company.

   Mr Cheung King Kwok, will upon re-election as a Director of the Company, shall remain as the Lead Independent Non-Executive Director of the Company. He will also remain as a Chairman of the Audit Committee and the Nominating Committee and a member of the Remuneration Committee. He will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Information of Mr Cheung King Kwok can be found on page 10 of the Annual Report. **(Resolution 4)**

5. To re-appoint HLB Hodgson Impey Cheng Limited, Hong Kong and Foo Kon Tan LLP, Singapore as joint auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to grant options and issue shares under the Joyas Share Option Scheme

"**THAT** approval be and is hereby given to the Directors to offer and grant options under the Joyas Share Option Scheme (the "**Scheme**") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen percent (15%) of the total issued share capital of the Company excluding treasury shares from time to time."
[See Explanatory Note (i)] **(Resolution 6)**

8. Authority to allot and issue shares in the capital of the Company - Share Issue Mandate

"**THAT**, pursuant to the Bye-Laws of the Company and Rule 806 of Catalist Rules of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

(A) (i) allot and issue shares in the capital of the Company (the "**Shares**") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require the Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

(B) notwithstanding that the authority conferred by this Resolution may have ceased to be in force issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) does not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided that the options or share awards were granted in compliance with the Catalist Rules of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Bye-Laws for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier."
[See Explanatory Note (ii)] **(Resolution 7)**

By Order of the Board

Gwendolyn Gn Jong Yuh
Lui Mui Ching
Company Secretaries
Singapore, 12 June 2017

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue Shares upon the exercise of such options in accordance with the Scheme.

(ii) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares). This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting.

Notes:

1. With the exception of the Central Depository (Pte) Ltd. (the "**Depository**") who may appoint more than two proxies, a member of the Company entitled to attend and vote at the above meeting is entitled to appoint no more than two proxies to attend and vote on its behalf. A proxy need not be a member of the Company.

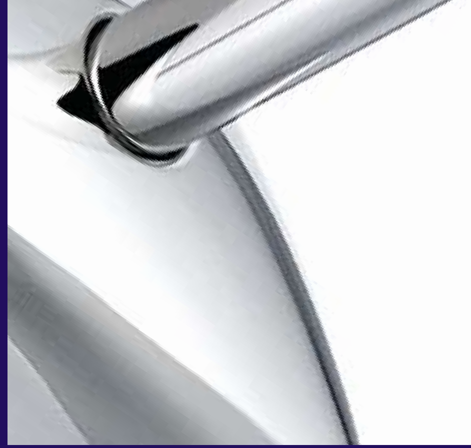
2. Where a form of proxy appoints more than one (1) proxy (including the case where such appointment results from a nomination by the Depository), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

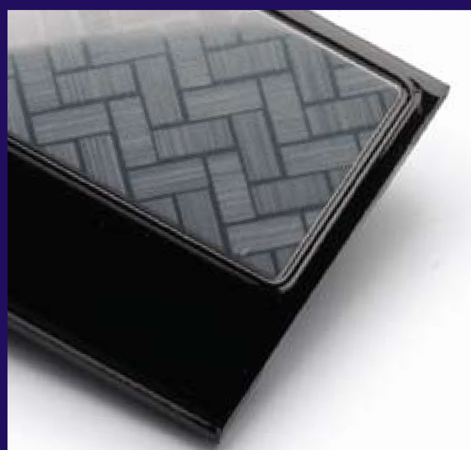
3. A corporation, which, is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its corporate representative at the meeting.

4. To be valid, the instrument appointing a proxy or proxies together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at the office of the Company's Singapore Share Registrar & Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.





ANNUAL REPORT 2016

JOYAS INTERNATIONAL HOLDINGS LIMITED