ANNUAL REPORT 2019

JOYAS
INTERNATIONAL HOLDINGS LTD.

(a company incorporated in Bermuda with limited liability)

J O Y A S
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**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

Corporate Information

BOARD OF DIRECTORS	:	Cheung King Kwok (Independent Non-Executive Chairman) Ong Chor Wei (Non-Executive Deputy Chairman) Lau Chor Beng, Peter (Executive Director and Managing Director) Kwok Chin Phang (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	:	Estera Services (Bermuda) Limited Victoria Place 5th Floor, 31 Victoria Street Hamilton HM10 , Bermuda
AUDIT COMMITTEE	:	Cheung King Kwok (Chairman) Ong Chor Wei Lim Siang Kai
NOMINATING COMMITTEE	:	Lim Siang Kai (Chairman) Cheung King Kwok Ong Chor Wei
REMUNERATION COMMITTEE	:	Lim Siang Kai (Chairman) Cheung King Kwok Ong Chor Wei
RISK MANAGEMENT COMMITTEE	:	Lim Siang Kai (Chairman) Cheung King Kwok
REGISTERED OFFICE	:	Victoria Place 5th Floor, 31 Victoria Street Hamilton HM10, 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

Corporate Information

BERMUDA PRINCIPAL REGISTRAR AND TRANSFER AGENT	:	Estera Management (Bermuda) Limited Victoria Place 5th Floor, 31 Victoria Street Hamilton HM10, Bermuda
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
AUDITORS	:	Baker Tilly TFW LLP Chartered Accountants of Singapore 600 North Bridge Road #05-01 Parkview Square Singapore 188778 Partner-in-charge: Ms. Guo Shuqi (Since financial year ended 31 December 2019)
LEGAL ADVISORS TO THE COMPANY ON BERMUDA LAW	:	Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong
PRINCIPAL BANKERS	:	Bank of China (Hong Kong) 1 Garden Road Hong Kong CIMB Bank Berhad 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623

Statement of the Chairman

On behalf of the Board of Directors (the "**Board**"), we are 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 2019 ("**FY2019**").

In FY2019, Joyas Int'l and its subsidiaries (together the "**Group**") recorded lower revenue of approximately HK$2.1 million, decreased by approximately HK$417,000 or 16.3% as compared with the financial year ended 31 December 2018 ("**FY2018**"). The decrease in revenue was solely attributable to an decrease in interest income from financing business due to decrease in number of loan disbursements in the Peoples' Republic of China (including Hong Kong) (the "**PRC (including HK)**").

OUTLOOK

Nickel ore

Up to the date of this statement, there has been no progress in the Group's nickel ore trading business in Philippines or Indonesia and no payment had been recovered in respect of the deposit amounting to approximately US$3 million paid by a subsidiary, Hong Kong Silver Group Basic Limited ("**HK Silver**") to a nickel ore mine supplier in the Philippines (the "**supplier**") owned by Mr Wang De Zhou, being a director, the chief executive officer and whose family members are minority shareholders of HK Silver. As disclosed under the various announcements on 29 November 2019, the Group's lawyers had issued demand letters, notification letters and warning letters to relevant parties as part of recovery proceedings to enforce the guarantees and share pledge relating to the credit facility for the funding of the deposit. The Board has been informed that while legal action is in progress, Mr. Wang De Zhou has proposed to the Group to defer further legal action and management is negotiating with him on the terms of the possible deferment of legal action. Management is also in the process of discussing with lawyers on legal costs and evaluating the most feasible next course of action. The Company will update the shareholders when there is material development in this matter.

Financing business

For the FY2019, the Group's financing business has been contributing to the Group's revenue. The Group expects such contribution to remain for at least the next six to twelve months.

Corporate Update

As at to date, the Group has fully redeemed the convertible bonds. Please refer to the announcement in relation to redemption and cancellation of outstanding convertible bonds upon maturity dated 24 February 2020 for further details.

The Group has incurred significant losses in FY2019 mainly as a result of the impairment provision for the nickel ore business and with the redemption of the convertible bonds in February 2020, the size of the Group's working capital has been further reduced. The Group's operation in FY2020 is also unlikely to be profitable but it should have sufficient capital to cover its overheads and expenses in the next six to twelve months as the significant loss for FY2019 was substantially due to non-cash provision.

At the same time, the Group is looking for suitable investment opportunities including but not limited to its existing nickel ore trading and financing business to improve shareholders' return. The Group is currently still in negotiation with a potential target on an acquisition and/or fund raising opportunity. No definitive agreement has been reached as of to date. The Company will update shareholders via SGXNET as and when there are any material developments.

In late December 2019, there was an outbreak of coronavirus (COVID-19) in the PRC (including HK) and other countries which has led to public health and safety concerns and the implementation of certain policies by the governmental authorities to safeguard the health and safety for the general public and to limit the potential impact of the outbreak. As at to date, to best knowledge and information of the Board, we are not aware of any of our customers experiencing material adverse financial performance due to the outbreak. Nevertheless, the overall regional economy in PRC (including HK) will remain challenging for the next 3-6 months. This in turn will affect the Group's future development as potential or current customers may be financially affected by the COVID-19.

On 6 June 2019, the Company has appointed Zhonghui Anda Risk Services Limited (the "**Independent Reviewer**") as the independent reviewer to review, inter-alia, the internal controls, policies and procedures of the Group surrounding the disposal of 15% of the issued and paid-up share capital of PT Global Linker Indonesia ("**PTGLI**"), and the compliance thereof. The Company will update shareholders via SGXNET as and when the Independent Reviewer's report is finalised or as and when required.

On 6 February 2020, the Company received a letter from the Singapore Exchange Securities Trading Limited requiring the Company to perform quarterly reporting with effect from 7 February 2020 pursuant to Catalist Rule 705(2), in view of the modified opinion issued by its statutory auditor in the latest annual report of the Company for the financial year ended 31 December 2018. A grace period of one year will be extended to the Company. For the avoidance of doubt, the Company will report the next set of quarterly financial statements for the Q3 period from 1 July 2021 to 30 September 2021 ("**Q3 2021**") by 14 November 2021.

APPRECIATION

I would like to thank our 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 addition, I would like to thank our valued customers, business partners and suppliers for their continuing support, patronage and guidance. I would like to express our appreciation to shareholders for their continued support of the Company.

Thank you.

Cheung King Kwok
Independent Non Executive Chairman

9 April 2020

Financial Highlights

	2019 HK$'000	2018 HK$'000
OPERATING RESULTS		
Revenue	**2,148**	2,565
Loss before tax	**(26,585)**	(4,442)
Loss after tax	**(26,783)**	(4,442)
Net loss attributed to the owner of the Company	**(27,184)**	(3,812)
EARNINGS PER SHARE (HK CENTS) –		
Basic and diluted	**(1.42)**	(0.20)
FINANCIAL POSITION		
Total assets	**34,164**	76,138
Total bank and other debts	**22,360**	22,573
Shareholders' equity	**9,326**	35,722
Debt to equity ratio (times)	**2.40**	0.63
Cash and cash equivalents	**16,652**	11,937
CASH FLOWS		
Net cash generated from operating activities	**2,158**	923
Cash and cash equivalents	**16,652**	11,937

Financial and Operations Review

OVERVIEW

Joyas International Holdings Limited and its subsidiaries (together the "**Group**") are principally engaged in financing business during the financial year.

The Group is also engaged in nickel ore distribution and trading business. The Group's associated company, PTGLI has obtained a license to sell nickel ore domestically in Indonesia. Domestic orders were received during FY2017, but due to lack of working capital and other commercial reasons, such orders were not fulfilled by PTGLI. No shipment was made in FY2019 and the timing of shipment remain uncertain at the moment. As for HK Silver, no shipment has been made due to current export restriction for nickel ore in Indonesia and Philippines.

OPERATING RESULTS

Statement of profit or loss and other comprehensive income

Revenue

The Group's revenue decreased by approximately HK$417,000 or 16.3% from HK$2.6 million in FY2018 to approximately HK$2.1 million in FY2019.

	FY2019		FY2018		Year on year
	HK$'000	**%**	HK$'000	%	% Change
Revenue					
Financing Activities	**2,148**	**100.0**	2,565	100.0	(16.3)

The decrease in revenue was solely attributable to a decrease in interest income from financing business due to decrease in number of loan disbursements in the PRC (including HK).

An analysis of sales of the Group's products to its principal markets, namely the PRC (including HK) and others during FY2019 are as follows:-

	FINANCING ACTIVITIES		
	FY2019 HK$'000	FY2018 HK$'000	Change %
PRC (including HK)	**2,148**	2,536	(15.3)
Others [1]	**–**	29	(100.0)
Total turnover	**2,148**	2,565	(16.3)

Note:-

(1) Includes mainly customers from the Middle East.

Other income

Other income increased by 1701.1% from approximately HK$905,000 in FY2018 to approximately HK$16.3 million in FY2019. The increase was mainly attributed to: (a) write back of balances due to related parties, namely i) Bushmills Resources Corp of approximately HK$10.5 million; ii) Wang De Zhou ("Mr Wang") of approximately HK$5.4 million; and iii) Regal Winner Limited of approximately HK$300,000. These payables were recorded in the book of HK Silver, a 70% owned subsidiary which is in a capital deficiency position. The balances were written back as the management is of the view that the claim for payment from HK Silver is remote and the Group is not legally obliged to support HK Silver for payment of these liabilities; and (b) increase in bank interest income of approximately HK$34,000. The increase was offset by: (a) decrease in fair value gain on loan and advances of approximately HK$584,000; and (b) decrease in fair value gain on convertible bonds of approximately HK$264,000 in FY2019.

Administrative expenses

Administrative expenses decreased by 26.2% from approximately HK$6.4 million in FY2018 to approximately HK$4.7 million in FY2019. The decrease was mainly attributed to: (a) decrease in foreign exchange loss of approximately HK$839,000; (b) decrease in underwriting fee by approximately HK$381,000; (c) decrease in director remuneration for two directors from the Group's subsidiary HK Silver as the two directors had ceased to receive remuneration since April 2018 due mainly to weak financial performance of HK Silver; and (d) decrease in legal and professional fee by approximately HK$232,000 due to less work undertaken in relation to compliance.

Impairment losses on trade and other receivables

Impairment losses on trade and other receivables increased by approximately HK$35.4 million or 100.0% from HK$ Nil in FY2018 to HK$35.4 million in FY2019. The increase was mainly due to: (a) no impairment of amounts due from an associate was recorded in FY2018 while approximately HK$10.7 million of such impairment was recorded in FY2019; (b) no impairment of loans and advances was recorded in FY2018 while approximately HK$359,000 of such impairment was recorded in FY2019; and (c) no impairment of trade deposit paid was recorded in FY2018 while approximately HK$24.4 million of such impairment was recorded in FY2019 as the management is of the view that the recoverability of such balances in (a) and (c) are uncertain.

Other operating expenses

Other operating expenses increased by approximately HK$3.2 million or 1593.0% from approximately HK$200,000 in FY2018 to HK$3.4 million in FY2019. The increase was mainly due to: (a) no impairment of investment in an associate was recorded in FY2018 while approximately HK$3.4 million of such impairment was recorded in FY2019; and (b) no fair value loss on warrants was recorded in FY2018 while approximately of HK$30,000 of such loss was recorded in FY2019 .

The increase was partly offset by the decrease in loss from the Disposal of Shares in PT Global of approximately HK$200,000, which was incurred in FY2018.

Financial and Operations Review

Finance costs

Finance costs increased by approximately HK$310,000 or 20.6% in FY2019 due mainly to increase in foreign exchange loss of approximately HK$172,000 from convertible bonds in FY2019 compared to a gain of approximately HK$168,000 in FY2018 .The increase was partly offset by: (a) decrease in convertible bonds interest of approximately HK$17,000 mainly due to exchange rate movement; and (b) lower interest paid on borrowings as a result of non-utilisation of bank loans during FY2019.

Share of profit of an associate

Share of profit of an associate increased by approximately HK$112,000 or 66.3% from approximately HK$169,000 in FY2018 to approximately HK$281,000 in FY2019 due mainly to increase in share of profit from PT Global which comprised mainly of the exchange gain from monetary balances due to appreciation of United States Dollars against Indonesia Rupiah.

Loss before income tax

As a result of the above, the Group had recorded a loss before income tax of approximately HK$26.6 million in FY2019 (FY2018: approximately HK$4.4 million).

Income tax expense

Income tax expense of approximately HK$198,000 was provided for Hong Kong subsidiaries in FY2019 (FY2018: Nil). The provision is mainly due to underprovision of assessable profits for certain subsidiaries in FY2018. The provision in FY2019 included provision of current year taxation of approximately HK$95,000 (FY2018: HK$63,000) and underprovision of previous year taxation of approximately HK$103,000 in FY2018. (FY2018: overprovision of HK$63,000 in FY2017).

Statement of Financial Position

Non-current assets

Non-current assets decreased by approximately HK$2.9 million from approximately HK$2.9 million as at 31 December 2018 to approximately HK$1,000 as at 31 December 2019. The decrease was mainly due to the full impairment of an associate, being the Group's investment in PT Global as the Group management considers that it will not generate future economic benefit to the Group since PT Global has not generated any revenue since incorporation.

Current assets

Current assets decreased by approximately HK$39.0 million from approximately HK$73.2 million as at 31 December 2018 to approximately HK$34.2 million as at 31 December 2019. The decrease was mainly due to: (a) impairment of amount due from an associate of approximately HK$10.7 million; (b) a decrease in trade and other receivables due to the impairment of other receivables, namely the trade deposit; (c) decrease in the outstanding proceeds from the disposal of Joyas Group Limited and its subsidiaries ("**JGL Group**") by approximately to HK$4.5 million which was received in FY2019; (d) decrease in loans and advances from the financing business of HK$1.0 million mainly due to repayment of loans prior to end of FY2019; and (e) decrease from financial asset at fair value through profit and loss due to lower balances for the financial assets as a result of the repayment.

Such decrease was partially offset by increase in cash and bank balances due to receipt of outstanding proceeds from the disposal of JGL Group and repayment of loans and advance from financing business.

Current liabilities

Current liabilities increased by approximately HK$5.6 million from approximately HK$19.2 million as at 31 December 2018 to approximately HK$24.8 million as at 31 December 2019. The increase was mainly due to increase in convertible bonds of approximately HK$21.5 million as a result of reclassification of convertible bonds from non-current liabilities to current liabilities as the convertible bonds will mature in February 2020. As at to date, the Group has fully redeemed the convertible bonds. Please refer to the announcement in relation to redemption and cancellation of outstanding convertible bonds upon maturity dated 24 February 2020 for further details. Such increase was offset by a decrease in: (a) trade payables mainly due to write back of trade payable to nickel ore supplier of approximately HK$10.5 million; and (b) other payables mainly due to write back of other payables of approximately HK$5.7 million owed to a key management personnel, Mr. Wang, a director and shareholder of HK Silver under Nickel operation.

Non-current liabilities

Non-current liabilities decreased by approximately HK$21.2 million from approximately HK$21.2 million as at 31 December 2018 to approximately HK$35,000 as at 31 December 2019 due to reclassification of convertible bonds from non-current liabilities to current liabilities as the convertible bonds will mature in February 2020. As at to date, the Group has fully redeemed the convertible bonds. Please refer to the announcement in relation to redemption and cancellation of outstanding convertible bonds upon maturity dated 24 February 2020 for further details.

Liquidity and cash flow

During FY2019, the Group's net cash generated from operating activities was approximately HK$2.2 million. This was mainly attributed to loss before working capital changes of approximately HK$2.3 million, decrease in trade and other receivables of approximately HK$258,000, decrease in loan and advances of approximately HK$1.0 million, decrease in financial assets at fair value through profit and loss of approximately HK$2.6 million and increase in trade and other payables of approximately HK$610,000.

During FY2019, the Group's net cash generated from investing activities was approximately HK$4.6 million. This was mainly attributed to net cash inflow arising from the receipt of outstanding proceeds from the disposal of JGL Group of approximately HK$4.5 million.

During FY2019, the Group's net cash used in financing activities was approximately HK$2.1 million. This was mainly attributed to the interest paid on convertible bonds of approximately HK$1.4 million.

As a result of the above, the Group's net increase in cash and cash equivalents was approximately HK$4.6 million (FY2018: approximately HK$2.6 million).

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK$16.7 million (31 December 2018: approximately HK$11.9 million), and unutilised banking facilities of approximately HK$5.5 million (31 December 2018: approximately HK$5.5 million).

Board of Directors

Cheung King Kwok, Independent Non-Executive Chairman, was appointed as an Independent Non-Executive Director to the Board on 21 December 2007. Mr Cheung was last re-elected to the Board on 26 April 2019. He was appointed the Chairman of the Board on 23 March 2018. 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 on The Stock Exchange of Hong Kong Limited ("**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 the Hong Kong Institute of Certified Public Accountants.

Lau Chor Beng, Peter, Executive Director and Managing Director, a co-founder of the Group, was appointed to the Board on 4 October 2006. Mr Lau was last re-elected to the Board on 28 June 2017. He relinquished his position as the Chairman of the Board on 23 March 2018 and remain as the Executive Director and Managing Director of the Company. Mr Lau is responsible for overall management and strategic planning of the Group. Mr Lau has over 35 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 a 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 on 26 April 2018. Mr Kwok was the Chief Operating Officer and executive director of Net Pacific Financial Holdings Ltd (a company listed on SGX-ST) from 2010 to 2019. He was 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) from 2014 to 2019. Mr Kwok was under the employment of Nomura Singapore Limited from May 1994 to June 2009 and has more than 18 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, Non-Executive Deputy Chairman, was appointed to the Board on 21 December 2007. Mr Ong was last re-elected to the Board on 26 April 2019. Mr Ong is currently an executive director and Chief Executive Officer 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), Denox Environmental & Technology Holdings Limited (Stock Code: 1452) and Smart Globe Holdings Limited (Stock Code: 8485) respectively, all of which are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). Mr. Ong is also a non executive director of Prosperous Printing Company Limited a company listed on 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 and Vico International Holdings Limited (Stock Code: 1621) (a company listed on the main board of the SEHK from 2017 to 2019. 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 was also an executive director on a part-time basis of Zibao Metals Recycling Holdings Plc (a company trading on AIM, a market operated by the London Stock Exchange Plc) from 2014 to 2019. Mr Ong has over 29 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.

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 on 26 April 2018. Prior to joining the Board, Mr Lim held various positions in banks, financial services companies and a fund management company and has over 30 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), chairman and independent director of Samurai 2K Aerosol Limited, chairman and non-executive director of D'nonce Technolgoy Berhad, all of which are companies listed in Singapore, Malaysia and Hong Kong. Mr Lim ceased to be an independent nonexecutive director of Natural Cool Holdings Limited (a company listed on SGX-ST) on 8 Feb 2017. 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.

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

Executive Officers

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 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.

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. Please refer to Principle 8 of the Corporate Governance Report for RC's view on Mr Wang's performance.

None of the Executive Officers are related to each other, the directors and/or the substantial shareholders of the Company.

Report of the Directors

The directors submit this annual report to the members of the Company together with the published financial statement for the financial year ended 31 December 2019.

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 Lim Siang Kai 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 nominees		Holdings in which director is deemed to have an interest	
The Company	As at 1.1.2019	**As at 31.12.2019**	As at 1.1.2019	**As at 31.12.2019**
Lau Chor Beng, Peter	–	–	842,951,466[(1)]	**842,951,466[(1)]**
Kwok Chin Phang	114,766,000	**66,297,000**	–	–
Ong Chor Wei[(2)]	5,600,000 [(3)]	**5,600,000 [(3)]**	560,000,000[(4)]	**560,000,000[(4)]**
Joyas Investments Group Limited				
(ordinary share of US$1.00 each) Lau Chor Beng, Peter	591[(1)]	**591[(1)]**	–	–

	Convertible Bonds registered in the name of director or nominees		Convertible Bonds in which director is deemed to have an interest	
The Company	As at 1.1.2019	**As at 31.12.2019**	As at 1.1.2019	**As at 31.12.2019**
Kwok Chin Phang	3,500,000	**3,500,000**	–	–
Ong Chor Wei	179,037,000[(5)]	**179,037,000[(5)]**	–	–

Notes:

(1) As at 31 December 2019, Joyas Investments Group Limited holds 842,951,466 (2018 - 842,951,466) shares in the Company. The Company's 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 (2017 - 842,951,466) shares in the Company held by Joyas Investments Group Limited.

(2) 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.

(3) As at 31 December 2019, Ong Chor Wei holds 5,600,000 shares in the capital of the Company through his nominees, Bank of Montreal (Hong Kong Branch).

(4) 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 (2018 - 560,000,000) shares in the Company held by Reach Win Limited.

(5) As at 31 December 2019, Ong Chor Wei holds 179,037,000 Convertible Bonds held in the name of his nominees, Bank of Montreal (Hong Kong Branch)

Directors' interest in shares, debentures, warrants or options

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2020.

As at 31 December 2019, Kwok Chin Phang also holds 769,000 unlisted warrants issued in February 2015 ("**2015 Warrants**"). The 2015 Warrants have an exercise price of S$0.07 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 2007 to certain Directors of the Company. Nine (9) million of Options (the "**May 2015 Options**") which 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 2007 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 Joyas Share Option Scheme 2007 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 2019.

Save as disclosed above, there was no change in the above-mentioned interests for the period from 1 January 2019 to 31 December 2019.

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 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.

Joyas Share Option Scheme 2007

The Company had in place a share option scheme (the "**Joyas Share Option Scheme 2007**") which was adopted at a special general meeting of the Company held on 21 December 2007. The duration of the Joyas Share Option Scheme 2007 was 10 years from the date that it was adopted and had accordingly expired and lapsed on 21 December 2017.

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

Share options granted

Since the commencement of Joyas Share Option Scheme 2007, 41,000,000 share options have been granted by the Company. Participants under the Joyas Share Option Scheme 2007 are set out as follows:

Name of participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of Scheme to end of FY2019	Aggregate options exercised since commencement of Scheme to end of FY2019	Aggregate options outstanding as at end of FY2019
Ong Chor Wei (Non-Executive Director)	Nil	3,000,000	Nil	3,000,000
Kwok Chin Phang (Non-Executive Director)	Nil	19,000,000	Nil	19,000,000
Lim Siang Kai (Independent Non- Executive Director)	Nil	9,500,000	Nil	9,500,000
Cheung King Kwok (Independent Non- Executive Director)	Nil	9,500,000	Nil	9,500,000
Total	**Nil**	**Note 41,000,000**	**Nil**	**41,000,000**

Note: 9,000,000 options which were granted in 25 May 2015 will expire in 24 May 2020. 32,000,000 options which were granted in 19 August 2016 will expire in 18 August 2021.

The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company in the Group.

Other than the options granted to the controlling shareholders and their associates (as defined in the Catalist Rules) as disclosed in the table above, no options have been granted since 19 August 2016 to the end of the financial year ended 31 December 2019 to the Group's employees. No individual has received 5% or more of the total number of options available under the Scheme. Other than as disclosed, no options have been granted to directors and employees of the parent company and its subsidiaries. No options were granted at a discount since the commencement of the Scheme on 21 December 2007 to the end of the financial year ended 31 December 2019.

No options to take up unissued shares of the subsidiaries have been granted during the financial year. There were no unissued shares of subsidiaries under option as at 31 December 2019.

No shares were issued during the financial year to which this statement relates by virtue of the exercise of the options to take up unissued shares of the Company or any subsidiary.

Report of the Directors

Joyas Share Option Scheme 2018

Since Joyas Share Option Scheme 2007 had expired, the Company adopted a new scheme known as the Joyas Share Option Scheme at a special general meeting of the Company held on 26 April 2018 (the "**2018 Scheme"**). The 2018 Scheme will continue to be in force at the discretion of the Remuneration Committee subject to a maximum period of 10 years, commencing on the date on which the Scheme was adopted.

The 2018 Scheme seeks to attract, retain and provide incentives to participants to encourage greater dedication and loyalty by enabling the Company to provide recognition for past contributions and services. The Company believes that this, in turn, will help to motivate participants generally to contribute towards the Company's long-term success. Save for Joyas Share Option Scheme 2007 which has expired, the Company did not and currently does not have any other share option or share scheme in force. The 2018 Scheme is administered by the Remuneration Committee which comprises Mr Lim Siang Kai, Mr Cheung King Kwok and Mr Ong Chor Wei.

The 2018 Scheme allows participation of controlling shareholders and associates of controlling shareholders as the Company acknowledges that the contributions and services of employees who are controlling shareholders and employees who are associates of controlling shareholders are equally important to the Company's long-term success. Rule 852 of the Catalist Rules states that the participation in a scheme by controlling shareholders and their associates must be approved by independent shareholders of the issuer, and a separate resolution must be passed for each person and to approve the actual number and terms of options granted to that participant. In light of Rule 852 of the Catalist Rule, the Board will seek shareholders' approval prior to granting options to such participants of the 2018 Scheme. The controlling Shareholders and associates of controlling shareholders will also abstain from voting on any resolution in relation to their participation in the 2018 Scheme.

Please refer to our Circular to Shareholders dated 10 April 2018 for more details of the 2018 Scheme.

No share options have been granted under the 2018 Scheme. Specifically, no share options have been granted to (a) Directors of the Company; (b) participants who are controlling shareholders of the Company and their associates; and (c) participants, other than those referred to in (a) and (b), who receive 5% or more of the total number of share options available under the 2018 Scheme.

Rule 851(c) of the Catalist Rules is not applicable. Pursuant to the Rules of the 2018 Scheme, only confirmed employees of the Group (including Directors of the Company and directors of the Company's subsidiaries) and Directors of the Company (including Non-Executive Directors of the Company) shall be eligible to participate in the 2018 Scheme. Directors and employees of the Company's parent company and subsidiaries of the Company's parent company are not eligible to participate in the 2018 Scheme. Accordingly, no share options have been granted to directors and employees of the Company's parent company and subsidiaries of the Company's parent company under the 2018 Scheme."

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 performs the functions specified in the Catalist Rules and the Code of Corporate Governance 2018. In performing those functions, the committee reviewed the following:

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 and reporting to the Board at least annually 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 at least annually the adequacy and effectiveness of the Company's internal audit function where applicable; Please refer to Principal 9 of the Corpoate Goverannce for explanations on no internal audit for FY2019.

4. reviewing the assurances from the Managing Director and the Accounting Manager on the financial records and financial statements;

5. 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;

6. reviewing the co-operation given by the Group's officers to the Company's external auditors;

7. nominating or recommending the nomination of the Company's external auditors and internal auditors for appointment, re-appointment or removal;

8. approving the remuneration and terms of engagement of the Company's external auditors and internal auditors;

9. reviewing the adequacy, effectiveness, independence, scope and results of the Company's external auditors and internal auditors;

10. reviewing the independence and objectivity of the Company's external auditors at least annually; and

11. reviewing interested person transactions.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor for Board consideration and reviews the level of audit and non-audit fees.

The Audit Committee has recommended to the Board the reappointment of the auditors of the Company, Baker Tilly TFW LLP, Public Acountants and Chartered Accountants, Singapore as the Company's external auditors at the forthcoming annual general meeting.

Full details regarding the Audit Committee are provided in the Corporate Governance Report.

In appointing our auditor for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules.

Independent auditors

The independent auditors, Baker Tilly TFW LLP has expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Lau Chor Beng, Peter
Director

....
Ong Chor Wei
Director

Dated: 9 April 2020

Independent Auditor's Report

to the shareholders of Joyas International Holdings Limited
(incorporated in Bermuda with limited liability)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Joyas International Holdings Limited (the "**Company**") 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 2019, 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 *Basis 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.

Basis for Disclaimer of Opinion

Disclaimer of Opinion on the financial statements for the year ended 31 December 2018

The independent auditor's report on the consolidated financial statements for the previous year ended 31 December 2018 contained a disclaimer of opinion on the following matters:

(i) Comparative figures
(ii) Deposits paid to a supplier and trade payable owing to the supplier
(iii) Going concern
(iv) Disposal of subsidiaries of JGL Group
(v) Unaudited financial information and impairment of amount due from an associate
(vi) Impairment of amount due from subsidiaries

Items that have a continuing relevance to the 2019 financial statements are further elaborated below:

(i) Comparative figures

Our opinion on the current year's financial statements is also modified because of the possible effects of the matters described in the basis for disclaimer of opinion paragraphs on the financial statements for the financial year ended 31 December 2018 on the comparability of the current period's figures and the comparative figures.

(ii) Deposits paid to a supplier, trade payable owing to the supplier and amounts due to related parties

For the financial year ended 31 December 2018, we were unable to satisfactorily perform confirmation procedures on the deposits of HK$24,377,000 paid to a supplier and trade payables of HK$10,531,000 owing to the same supplier, which is a related party by virtue of a shareholder of the supplier being a key management personnel of the Group (the "KMP"). We were also unable to obtain sufficient appropriate audit evidence on the recoverability of the deposits paid to the supplier. Consequently, the auditor's report of the Group for the financial year ended 31 December 2018 included a disclaimer of opinion on the appropriateness of the carrying amount of the deposits paid and trade payable owing to the supplier as at 31 December 2018 and the recoverability of the deposits paid to the supplier. We are unable to determine whether the opening balance of deposits paid and trade payable owing to the supplier amounting to HK$24,377,000 and HK$10,531,000 respectively as at 1 January 2019 were fairly presented.

During the financial year ended 31 December 2019, deposits of HK$24,377,000 paid to a supplier was fully impaired as disclosed in Note 18 to the financial statements and trade payable owing to the same supplier of HK$10,531,000 was fully written back to profit or loss as disclosed in Note 16 to the financial statements. In addition, as disclosed in Notes 13 and 16 to the financial statements, the Group wrote back amounts of HK$5,673,000 due to related parties, which comprised the KMP and an entity in which the KMP is also deemed a shareholder of the entity. We are unable to obtain sufficient appropriate audit evidence on the impairment loss on deposits paid of HK$24,377,000, write back of trade payables of HK$10,531,000 and write back of amounts due to related parties of HK$5,673,000 recorded during the financial year ended 31 December 2019, and we are unable to determine how much of impairment loss of HK$24,377,000 and write back of HK$10,531,000 relates to the profit or loss in prior years. Consequently, we are unable to determine whether any adjustments might be necessary to the profit or loss for the financial year ended 31 December 2019 and opening accumulated losses as at 1 January 2019 of the Group.

In view of the matters described above, since the opening balance as at 1 January 2019 entered into the determination of the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 December 2019, we were unable to determine whether adjustments might have been found necessary in respect of the consolidated financial statements of the Group for the financial year ended 31 December 2019.

Our opinion on the current year's financial statements is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

Basis for Disclaimer of Opinion (Cont'd)

(iii) Going concern

We draw attention to Note 2(a) to the financial statements. For the financial year ended 31 December 2019, the Group incurred net losses of HK26,783,000 (2018 – HK4,442,000). The Group is in loss making position for the past consecutive four years. In addition, the Group and the Company have fully redeemed its convertible bond on 21 February 2020 of S$3,503,460 (HK$21,460,000) which resulted in significant net cash outflow subsequent to the financial year ended 31 December 2019.

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, as well as recovery of receivables recorded by the Group and the Company.

We are 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 due to insufficient appropriate evidence. 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.

The auditor's report of the Group for the financial year ended 31 December 2018 included a similar basis for disclaimer of opinion on this matter.

(iv) Disposal of subsidiaries of JGL Group

In 2017, included in trade and other receivables of the Company and the Group was an amount of HK$12,000,000 relating to the sales consideration receivable from the disposal of subsidiaries of Joyas Group Limited (JGL). The auditors were unable to determine if the gross carrying amount of the receivable was appropriately stated due to insufficient appropriate evidence of the fair value of sales consideration receivable. The auditors were also unable to determine if impairment on this receivable was required as management has not performed an impairment assessment in accordance with IAS 39 Financial Instrument: Recognition and Measurement. The independent auditor's report on the consolidated financial statements of the Group and the financial position of the Company for the financial year ended 31 December 2018 included a disclaimer of opinion on the disposal of JGL as we were unable to determine whether the opening balance of sales consideration receivable amounting to HK$12,000,000 of the Group as at 1 January 2018 were fairly presented. Since the opening balance as at 1 January 2018 entered into the determination of the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 December 2018, we were unable to determine whether adjustments might have been found necessary in respect of the consolidated financial statements for the financial year ended 31 December 2018. Our opinion on the current year's consolidated financial statements of the Group and the balance sheet of the Company is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

(v) Unaudited financial information, impairment of investment in associate and amount due from an associate

As disclosed in Note 3 to the financial statements, during the financial year ended 31 December 2019, the Group fully impaired its investment in associate and recorded an impairment loss of HK$3,355,000.

The financial statement of the associate, previously a subsidiary, for the financial year ended 31 December 2017 was unaudited as the auditors were unable to obtain audit evidence about the financial information of the subsidiary for the financial year ended 31 December 2017. The auditor's report of the Group mentioned that the possible effects of this inability to obtain sufficient appropriate audit evidence were deemed to be both material and pervasive to the consolidated financial statements. Since the opening balance as at 1 January 2018 entered into the determination of the financial performance, changes in equity and cash flows of the associate, we were unable to determine whether adjustments might have been found necessary in respect of the consolidated financial statements of the Group for the financial year ended 31 December 2018. In addition, we were not able to obtain sufficient appropriate evidence that certain balances recorded by the associate in its balance sheet as at 31 December 2018 are not materially misstated. Accordingly, we are not able to obtain reasonable assurance that the recorded gross investment in associate of HK$2,935,000 as at 31 December 2018 is not misstated. Since the opening balance as at 1 January 2019 entered into the determination of the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 December 2019, we were unable to determine whether adjustments might have been found necessary in respect of the consolidated financial statements of the Group for the financial year ended 31 December 2019.

In view of the matters described above, we are also not able to obtain reasonable assurance that the recorded gross investment in associate of HK$3,355,000 as at 31 December 2019 and the impairment loss on investment in associate of HK$3,355,000 recognised during the financial year are not misstated.

As disclosed in Note 6 to the financial statements, the Group recorded a gross amount due from associate of HK$10,672,000 (2018 – HK$10,672,000) which was fully impaired during the financial year ended 31 December 2019. The auditor's report of the Group for the financial year ended 31 December 2018 included a disclaimer of opinion on the recoverability of the amount due from associate as we were not able to obtain sufficient appropriate evidence that the amount due from associate is recoverable. We are unable to determine how much of the impairment loss on amount due from associate of HK$10,672,000 recognised for the financial year ended 31 December 2019, if any relates to the profit or loss in prior years. Consequently, we are unable to determine whether any adjustments might be necessary to the profit or loss for the financial year ended 31 December 2019 and opening accumulated losses as at 1 January 2019 of the Group.

(vi) Impairment of amount due from subsidiaries

As disclosed in Note 6 to the financial statements, the Company recorded an amount due from subsidiaries of HK$50,433,000 (2018 – HK$50,089,000), of which HK$25,958,000 (2018 – HK$Nil) was impaired during the financial year ended 31 December 2019. The auditor's report of the Group for the financial year ended 31 December 2018 included a basis for disclaimer of opinion on the impairment of the amount due from subsidiaries. We were unable to determine if impairment on the receivable is required as we were unable to assess the feasibility of management's plans for future recovery of this amount due to insufficient appropriate evidence. We are unable to determine how much of the impairment loss on amount due from subsidiaries of HK$25,958,000, if any relates to the profit or loss in prior years. Consequently, we are unable to determine whether any adjustments might be necessary to the profit or loss for the financial year ended 31 December 2019 and opening accumulated losses as at 1 January 2019 of the Company.

Independent Auditor's Report

to the shareholders of Joyas International Holdings Limited
(incorporated in Bermuda with limited liability)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the 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 consolidated financial statements and statement of financial position of the Company in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis 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 Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together 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 and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Ms Guo Shuqi.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

Consolidated Statement of Financial Position

as at 31 December 2019

	Note	The Group 31 December 2019 HK$'000	31 December 2018 HK$'000
Assets			
Non-current Assets			
Investment in an associated company	3	**–**	2,935
Property, plant and equipment	4	**1**	5
		1	2,940
Current Assets			
Trade and other receivables	6	**17,511**	58,677
Financial assets at fair value through profit or loss	7	**–**	2,584
Cash and cash equivalents	8	**16,652**	11,937
		34,163	73,198
Total assets		**34,164**	76,138
Equity			
Capital and Reserves			
Share capital	9	**19,139**	19,139
Accumulated losses		**(122,017)**	(94,833)
Other reserves	10	**112,327**	111,982
Attributable to owners of the Company		**9,449**	36,288
Non-controlling interests	5	**(123)**	(566)
Total equity		**9,326**	35,722
Liabilities			
Non-Current Liabilities			
Convertible bonds	11	**–**	21,201
Warrants	12	**35**	5
		35	21,206
Current Liabilities			
Trade and other payables	13	**2,089**	17,683
Borrowings	14	**900**	1,372
Convertible bonds	11	**21,460**	–
Current tax liabilities		**354**	155
		24,803	19,210
Total liabilities		**24,838**	40,416
Total equity and liabilities		**34,164**	76,138

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2019

		The Company	
		31 December 2019	31 December 2018
	Note	**HK$'000**	HK$'000
Assets			
Non-current Assets			
Investment in subsidiaries	5	**8**	8
Current Assets			
Trade and other receivables	6	**24,513**	54,809
Cash and bank balances	8	**565**	494
		25,078	55,303
Total assets		**25,086**	55,311
Equity			
Capital and Reserves			
Share capital	9	**19,139**	19,139
Accumulated losses		**(145,942)**	(115,157)
Other reserves	10	**129,812**	129,564
Total equity		**3,009**	33,546
Liabilities			
Non-Current Liabilities			
Convertible bonds	11	**–**	21,201
Warrants	12	**35**	5
		35	21,206
Current Liabilities			
Trade and other payables	13	**582**	559
Convertible bonds	11	**21,460**	–
		22,042	559
Total liabilities		**22,077**	21,765
Total equity and liabilities		**25,086**	55,311

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 31 December 2019

	Note	**Year ended 31 December 2019 HK$'000**	Year ended 31 December 2018 HK$'000
Revenue - interest income	15	**2,148**	2,565
Other income	16	**16,300**	905
Administrative expenses		**(4,704)**	(6,375)
Impairment losses on trade and other receivables		**(35,408)**	–
Other operating expenses		**(3,386)**	(200)
Finance costs	17	**(1,816)**	(1,506)
Share of profit of an associate	3	**281**	169
Loss before taxation	18	**(26,585)**	(4,442)
Taxation	19	**(198)**	–
Loss for the year		**(26,783)**	(4,442)
Other comprehensive income after tax:			
Items that may be reclassified subsequently to profit or loss:			
Reclassification of currency translation reserve on disposal of subsidiary		**–**	564
Share of foreign currency translation differences of associated companies	3	**139**	134
Currency translation differences arising on consolidation		**–**	(786)
Other comprehensive income/(loss) for the year, net of tax		**139**	(88)
Total comprehensive loss for the year		**(26,644)**	(4,530)
Loss attributable to:			
Owners of the Company		**(27,184)**	(3,812)
Non-controlling interests		**401**	(630)
		(26,783)	(4,442)
Total comprehensive loss attributable to:			
Owners of the Company		**(27,087)**	(3,657)
Non-controlling interests		**443**	(873)
		(26,644)	(4,530)
		HK cents	HK cents
Loss per share			
- Basic and diluted	21	**(1.42)**	(0.20)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2019

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Capital contribution reserve HK$'000	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2018	19,139	51,180	52,677	2,478	5,306	(95)	(91,021)	39,664	2,241	41,905
Loss for the year	–	–	–	–	–	–	(3,812)	(3,812)	(630)	(4,442)
Other comprehensive income:										
- *Share of foreign currency translation differences of associated company*	–	–	–	–	–	94	–	94	40	134
- *Reclassification of currency translation reserve on disposal of subsidiary*	–	–	–	–	–	564	–	564	–	564
- *Currency translation differences arising on consolidation*	–	–	–	–	–	(503)	–	(503)	(283)	(786)
Total comprehensive income for the year	–	–	–	–	–	155	(3,812)	(3,657)	(873)	(4,530)
Contributions by and distributions to owners										
- Disposal of subsidiaries	–	–	–	–	–	34	–	34	(1,934)	(1,900)
- Equity-settled share-based payment transactions	–	–	–	247	–	–	–	247	–	247
Total transactions with owners, recognised directly in equity	–	–	–	247	–	34	–	281	(1,934)	(1,653)
At 31 December 2018	19,139	51,180	52,677	2,725	5,306	94	(94,833)	36,288	(566)	35,722
At 1 January 2019	19,139	51,180	52,677	2,725	5,306	94	(94,833)	36,288	(566)	35,722
Loss for the year	–	–	–	–	–	–	(27,184)	(27,184)	401	(26,783)
Other comprehensive income:										
- *Share of foreign currency translation differences of associated company*	–	–	–	–	–	97	–	97	42	139
Total comprehensive income for the year	–	–	–	–	–	97	(27,184)	(27,087)	443	(26,644)
Contributions by and distributions to owners										
- Equity-settled share-based payment transactions	–	–	–	248	–	–	–	248	–	248
Total transactions with owners, recognised directly in equity	–	–	–	248	–	–	–	248	–	248
At 31 December 2019	19,139	51,180	52,677	2,973	5,306	191	(122,017)	9,449	(123)	9,326

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2019

	Note	**Year ended 31 December 2019 HK$'000**	Year ended 31 December 2018 HK$'000
Cash Flows from Operating Activities			
Loss before taxation		**(26,585)**	(4,442)
Adjustments for:			
Depreciation of property, plant and equipment	4	**4**	24
Loss on disposal of subsidiaries	5	**–**	200
Fair value loss/(gain) on warrants	12	**30**	(5)
Fair value gain on derivative component of convertible bonds	11	**(14)**	(278)
Fair value gain on FVTPL		**–**	(584)
Interest expense	17	**1,644**	1,674
Interest income	16	**(72)**	(38)
Impairment loss on investment in an associated company	18	**3,355**	–
Impairment loss on trade and other receivables		**35,408**	–
Write back of trade payable	18	**(10,531)**	–
Write back of other payable	18	**(5,673)**	–
Share-based payment expense	20	**248**	247
Unrealised exchange loss/(gain)		**172**	(168)
Share of results of associate		**(281)**	(169)
Operating loss before working capital changes		**(2,295)**	(3,539)
Currency translation adjustments		**1**	1,087
Changes in trade and other receivables		**258**	(48)
Changes in loan and advances		**1,000**	2,280
Change in financial assets at fair value through profit and loss		**2,584**	–
Changes in trade and other payables		**610**	1,070
Cash generated from operations		**2,158**	850
Income tax refund		**–**	73
Net cash generated from operating activities		**2,158**	923
Cash Flows from Investing Activities			
Net cash inflow from disposal of subsidiaries	6	**4,500**	7,492
Interest received	16	**72**	38
Net cash generated from investing activities		**4,572**	7,530
Cash Flows from Financing Activities			
Interest paid on convertible bonds (Note A)	11	**(1,422)**	(1,464)
Interest paid (Note A)		**(121)**	(14)
Repayment of borrowings (Note A)		**(472)**	(4,300)
Increase in pledged bank deposits		**(69)**	(44)
Net cash used in financing activities		**(2,084)**	(5,822)
Net increase in cash and cash equivalents		**4,646**	2,631
Cash and cash equivalents at beginning of year		**6,477**	3,846
Cash and cash equivalents at end of year	8	**11,123**	6,477

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2019

Note A:

Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	31 December 2018	Cash flow-Proceeds from loans	Cash flow-Repayment of principal and interest	Non-cash changes			31 December 2019
				Disposal	Interests expense	Foreign exchange difference	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Convertible bonds	**21,187**	**–**	**(1,422)**	**–**	**1,523**	**172**	**21,460**
Other borrowings	**1,372**	**–**	**(593)**	**–**	**121**	**–**	**900**

	31 December 2017	Cash flow-Proceeds from loans	Cash flow-Repayment of principal and interest	Non-cash changes			31 December 2018
				Disposal	Interests expense	Foreign exchange difference	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Convertible bonds	21,279	–	(1,464)	–	1,540	(168)	21,187
Bank loans	4,300	–	(4,314)	–	14	–	–
Other borrowings	1,252	–	–	–	120	–	1,372

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2019

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 Victoria Place, 5th Floor, 31 Victoria Street Hamilton HM10, 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 2016, 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 2019 were approved for issue by the board of directors on 3 April 2020.

2(a) Going concern

For the financial year ended 31 December 2019, the Group incurred net losses of HK26,783,000 (2018 – HK4,442,000). The Group is in loss making position continuously for the last four years. In addition, the Group and the Company have fully redeemed its convertible bond on 21 February 2020 of S$3,503,460 (HK$21,460,000) which resulted in significant net cash outflow subsequent to the year ended 31 December 2019.

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 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, as well as recovery of receivables recorded by the Group and the Company.

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 2019, the Group had net current assets and net assets of HK$9,360,000 (2018 – HK$53,988,000) and HK$9,326,000 (2018 – HK$35,722,000), respectively, while the Company had net current assets and net assets of HK$3,036,000 (2018 – HK$54,744,000) and HK$3,009,000 (2018 – HK$33,546,000), respectively.

(ii) The Group and the Company have fully redeemed its convertible bond on 21 February 2020 of S$3,503,460 (HK$21,460,000).

(iii) Financing business is profitable and operating losses are mainly due to Group's overheads which are relatively limited and the impairment losses on trade and other receivables relating to nickel ore business recognised during the year.

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

If the Group and the Company are unable to continue in operation existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

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 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 as disclosed in the accounting policies below.

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

Income taxes

The Group is subject to income taxes in Hong Kong. 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.

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

Significant judgements in applying accounting policies (Cont'd)

Investment in Associated Company

Management has considered the Group's representation in the board of PT Global Linker Indonesia and contractual terms in the shareholders agreement, and has determined that it has significant influence on PT Global Linker Indonesia through the Group's shareholding of 49% but not control or joint control. Consequently, this investment has been classified as an associated company.

Significant accounting estimates and assumptions used in applying accounting policies

Impairment of loans and advances and calculation of loss allowances

The Group has invested in loans and advances with a carrying value of HK$17,141,000 (2018 – HK$18,500,000) as at 31 December 2019. The Group assesses whether or not there is an impairment of loans and advances by conducting the credit assessment on a loan-by-loan basis at the Credit Committee Meetings, which are held twice a year. The committee members assessed the probability of default and loss given default of each loan. In making their judgements, the manner in which the management considers the financial capabilities of the Ultimate Borrowers (the ultimate borrowers of the loan granted) include the credit portfolio of the individual loan debtors granted and the assessment of the loan to security ratio.

When measuring estimated credit loss ("ECL"), the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL.

Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As the calculation of loss allowance on loans and advances is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of loans and advances.

To the best of the knowledge of the directors of the Group given the understanding and perspective of the Ultimate Borrowers' capability, after considering the probability of default and loss given default, the Group recognised an expected credit loss allowance of HK$359,000 (2018 – HK$Nil). The Group has also assessed the financial abilities of the underwriters for repayment of debts in the event of default of repayment by the Ultimate Borrowers to determine the likely loss given default quantum.

If the financial conditions of debtors of the Group were to deteriorate, resulting in increased probability of default, allowances for impairment may be required. The carrying amounts of the Group's and the Company's loans and advances as at 31 December 2019 are disclosed in Note 6 to the financial statements.

Details of ECL measurement and carrying value of loans and advances at reporting date are disclosed in Note 24.

Impairment of amounts due from subsidiaries and associate and calculation of loss allowance

Determining whether amounts due from subsidiaries and associate are impaired requires an estimation of the amounts and timing of future cash flows based on historical loss experience for assets with similar credit risk.

At the reporting date, the carrying amounts of amounts due from subsidiaries (non-trade) and associate are HK$24,475,000 and HK$Nil (2018 – HK$50,089,000 and HK$10,672,000) for the year ended 31 December 2019 respectively. Management has evaluated ECL of the amounts using reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL.

Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As the calculation of loss allowance on amounts due from subsidiaries and associate is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of amounts due from subsidiaries and associate.

2(c) Interpretations and amendments to published standards effective in 2019

In the current financial year, the Group has adopted all the new and revised IFRS and Interpretations of FRS ("**IFRIC**") that are relevant to its operations and effective for the current financial year. The adoption of these IFRSs and IFRICs did not 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 2019:

IFRS 16 Leases

IFRS 16 replaces the existing IAS 17 *Leases* and its related interpretation. The adoption of this new Standard has resulted in the Group recognising all leases on their balance sheet to reflect their rights to use leased assets (a "**right-of-use**" asset) and the associated obligations for lease payments (a lease liability) except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group has adopted the new standard on the required effective date using the modified retrospective approach.

In applying IFRS 16 for the first time, the Group has used the practical expedient to account for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases. There is no material impact from the adoption of IFRS 16 as the Group recognised the lease payments associated with these leases as an expense on a straight-line basis over the lease terms.

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries 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.

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

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.

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 IFRS 9, when applicable, or as the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Disposal

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 profit or loss 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.

Transactions with non-controlling interests

Non-controlling interests 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.

Subsidiaries

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

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 acquiree 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 acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment loss. 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.

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.

Associated companies

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment loss, if any. Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

In the Company's financial statements, investments in associates are carried at cost less accumulated impairment loss. On disposal of investment in associates, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2(d) Summary of significant accounting policies (Cont'd)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment loss, if any. 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 improvements	5 years
Tools and equipment	5 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.

Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("**FVTPL**").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("**SPPI**")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents and trade and other receivables (excluding prepayments). The subsequent measurement categories, depending on the Group's business model for managing the asset and cash flow characteristics of the asset:

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("**EIR**") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Fair value through profit or loss ("FVTPL")

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or Fair value through other comprehensive income ("**FVOCI**") are classified as FVTPL. Movements in fair values and interest income are recognised in profit or loss in the period in which it arises and presented in "other income".

Impairment

The Group recognises an allowance for expected credit losses ("**ECLs**") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For loans and advances that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Share capital

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

2(d) Summary of significant accounting policies (Cont'd)

Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

<u>Borrowings</u>

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

<u>Convertible bonds</u>

Convertible bonds issued by the Group that contain underlying 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.

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.

<u>Derivative financial instruments</u>

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.

<u>Other financial liabilities</u>

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

2(d) Summary of significant accounting policies (Cont'd)

Leases

Where the Group is the lessee

The accounting policy for operating leases before 1 January 2019 is as follows:

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.

The accounting policy for leases from 1 January 2019 onwards is as follows:

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). For these exempted leases, the Group recognises the lease payments as operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of time pattern in which economic benefits from lease assets are consumed.

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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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 and associates, 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.

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 contributions

Payment to Mandatory Provident Fund Scheme (the "**MPF Scheme**") is recognised as an expense when employees have rendered service entitling them to the contributions. The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds. The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

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.

2(d) Summary of significant accounting policies (Cont'd)

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.

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.

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 loss 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 decreases.
- 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 the reporting period.

Revenue recognition

The Group's revenue comprises interest income which is recognised on time-proportion basis using effective interest method.

2(d) Summary of significant accounting policies (Cont'd)

Finance income and finance costs

Finance income comprises interest income on fixed deposits.

Finance costs comprise interest expense on bank loan.

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 foreign 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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the translations.

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) Nickel ore
(b) 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 includes receivables recorded on the balance sheet of the Company and cash and cash equivalents of the Group.

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, which primarily includes convertible bonds recorded on the balance sheet of the Company.

2(d) Summary of significant accounting policies (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 Investment in an associated company

The Group	**2019** **HK$'000**	2018 HK$'000
Balance at the beginning of the year/period	**2,935**	2,632
Share of result for the year/period	**281**	169
Share of other comprehensive income for the year/period	**139**	134
Impairment	**(3,355)**	–
	–	2,935

In October 2018, the Group had, through the Company's 70%-owned subsidiary, Hong Kong Silver Basic Group Limited ("**HK Silver**"), disposed of 150,000 ordinary shares, representing 15% of the issued and paid-up share capital of PT Global Linker Indonesia ("**PT Global**") to Fill Stone International Limited, an independent third party.

Following the completion of the Disposal, Hong Kong Silver Basic Group Limited's shareholding in P. T. Global Linker has reduced to 49%. Accordingly, P. T. Global Linker ceased to be a subsidiary of the Group and was accounted for as an associated company of the Group.

Name of associate	**Country of incorporation**	**Ownership interest held by the Group**		**Principal activities**
		2019 **%**	2018 %	
<u>Indirectly owned</u>				
PT Global Linker Indonesia * ("PT Global")	Indonesia	**49**	49	Inactive

* Management accounts used for equity accounting

Notes to the Financial Statements

for the financial year ended 31 December 2019

3 Investment in an associated company (Cont'd)

Summary financial information of an associate extracted from the management accounts for the year ended 31 December 2019/period ended 31 December 2018

	01.01.2019 to 31.12.2019	10.10.2018 to 31.12.2018
	HK$'000	HK$'000
Revenue	**–**	–
Profit after tax	**(575)**	(343)
Other comprehensive loss/(income)	**(284)**	(274)
Total comprehensive income	**(859)**	(617)
Non-current assets	**12**	27
Current assets	**20,665**	19,929
Current liabilities	**(13,829)**	(13,965)
Net assets	**6,848**	5,991
Group's share net assets based on proportion of ownership interest	**3,355**	2,935
Impairment	**(3,355)**	–
Carrying amount of investment	**–**	2,935

4 Property, plant and equipment

The Group	Leasehold improvements HK$'000	Tools and equipment HK$'000	Total HK$'000
Cost			
At 1 January 2018	50	74	124
Exchange alignment	–	(7)	(7)
Disposal of subsidiary (Note 5)	–	(58)	(58)
At 31 December 2018 and **31 December 2019**	50	9	59
Accumulated depreciation			
At 1 January 2018	37	25	62
Depreciation for the year	10	14	24
Exchange alignment	–	(4)	(4)
Disposal of subsidiary (Note 5)	–	(28)	(28)
At 31 December 2018	47	7	54
Depreciation for the year	3	1	4
At 31 December 2019	**50**	**8**	**58**
Carrying amount			
At 31 December 2019	–	**1**	**1**
At 31 December 2018	3	2	5

5 Investment in subsidiaries

The Company	**2019 HK$'000**	2018 HK$'000
Unquoted equity investments, at cost	**8**	8

Details of the subsidiaries are:

Name of subsidiary	Country of incorporation	Ownership interest held by the Group		Principal activities
		2019 %	2018 %	
Directly owned				
Asiapac Growth Holdings Limited *	BVI	**100**	100	Investment holding
Indirectly owned				
Asia Growth Group Limited *	Hong Kong	**100**	100	Inactive
Hong Kong Silver Basic Group Limited ("HK Silver") *	Hong Kong	**70**	70	Trading of nickel ore
CCIG Financial Services Limited ("CCIG Financial") *	Hong Kong	**70**	70	Licensed money lending business in Hong Kong

*Audited by Baker Tilly TFW LLP, Singapore for consolidation purpose

Disposal of subsidiaries

In October 2018, the Group had, through the Company's 70%-owned subsidiary, Hong Kong Silver Basic Group Limited ("**HK Silver**"), disposed of 150,000 ordinary shares, representing 15% of the issued and paid-up share capital of PT Global Linker Indonesia ("**PT Global**") to Fill Stone International Limited, an independent third party. Please refer to the Company's announcement with respect to the Disposal of Shares in PT Global Linker Indonesia (the "**Disposal**") dated 28 January 2019 and 19 November 2019.

The sales consideration for the Disposal of Shares in PT Global was US$150,000 (HK$1,170,000), which the consideration was received by Wang De Zhou (Hong Kong Silver Basic Group Limited director) on behalf of the Group. Accordingly, PT Global was deconsolidated from the Group with effect from October 2018 and recognised as associate (Note 3).

The carrying amounts of identifiable assets and liabilities of the Disposal Group as at 10 October 2018 were:

	2018 HK$'000
Property, plant and equipment	30
Trade and other receivables	16,010
Cash and bank balances	8
Trade and other payables	(10,676)
Net assets	5,372
Fair value of investment retained	(2,632)
Non-controlling interest	(1,934)
Being realisation of currency translation reserve upon disposal	564
Loss on disposal	(200)
Total consideration, to be satisfied in cash	1,170
Satisfied by:	
Consideration received by Wang De Zhou on behalf of the Group (recorded under 'Amount due from an associate')	1,170
Analysis of net flow of cash and bank balances arising on disposal:	
Cash and bank balances on the Disposal Group	(8)
Net cash outflow on the Disposal Group	(8)

Notes to the Financial Statements

for the financial year ended 31 December 2019

5 Investment in subsidiaries (Cont'd)

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 HK$'000	CCIG Financial HK$'000	Total HK$'000
2019			
Current assets	**65**	**27,131**	**27,196**
Non-current assets	**1**	–	**1**
Total assets	**66**	**27,131**	**27,197**
Current liabilities	**(1,267)**	**(26,341)**	**(27,608)**
Net (liabilities)/assets	**(1,201)**	**790**	**(411)**
Attributable to:			
- Non-controlling interests	**(360)**	**237**	**(123)**

* HK Silver's statement of financial position included investment in an associate, PT Global which has been equity accounted.

	HK Silver HK$'000	CCIG Financial HK$'000	Total HK$'000
2018			
Current assets	35,124	26,639	61,763
Non-current assets	2,750	–	2,750
Total assets	37,874	26,639	64,513
Current liabilities	(41,217)	(25,181)	(66,398)
Net (liabilities)/assets	(3,343)	1,458	(1,885)
Attributable to:			
- Non-controlling interests	(1,003)	437	(566)

* HK Silver's statement of financial position included investment in an associate, PT Global which has been equity accounted.

Summarised statements of profit or loss and other comprehensive income

	HK Silver HK$'000	PT Global HK$'000	CCIG Financial HK$'000	Total HK$'000
2019				
Revenue	**–**	**–**	**2,148**	**2,148**
Profit/(Loss) for the year, representing total comprehensive income/(loss) for the year	**2,005**	**–**	**(669)**	**1,336**
Attributable to:				
- Non-controlling interests	**601**	**–**	**(200)**	**401**
2018				
Revenue	–	–	2,565	2,565
(Loss)/Profit for the year, representing total comprehensive (loss)/income for the year	(1,913)	(850)	834	(1,929)
Attributable to:				
- Non-controlling interests	(574)	(306)	250	(630)

5 Investment in subsidiaries (Cont'd)

Other summarised information

	HK Silver HK$'000	CCIG Financial HK$'000	Total HK$'000
2019			
Cash (outflow)/inflow from operating activities	**(11)**	**4,891**	**4,880**
Cash inflow from investing activities	**–**	**2**	**2**
Cash inflow from financing activities	**–**	**(384)**	**(384)**
Net cash (outflow)/inflow for the year	**(11)**	**4,509**	**4,498**
2018			
Cash (outflow)/inflow from operating activities	(3)	4,891	4,888
Cash inflow from investing activities	–	–	–
Cash inflow from financing activities	–	(267)	(267)
Net cash (outflow)/inflow for the year	(3)	4,624	4,621

6 Trade and other receivables

	The Group		The Company	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Amount due from subsidiaries (non-trade)	**–**	–	**50,433**	50,089
Less: Impairment losses on amount due from subsidiaries	**–**	–	**(25,958)**	–
Amount due from an associated company	**10,672**	10,672	**–**	–
Less: Impairment loss on amount due from an associated company	**(10,672)**	–	**–**	–
Deposits	**19**	19	**19**	19
Sales consideration receivables[(1)]	**–**	4,500	**–**	4,500
Loans and advances	**17,500**	18,500	**–**	–
Less: Impairment loss on loans and advances	**(359)**	–	**–**	–
Interest receivable	**275**	350	**–**	–
Other receivables	**68**	68	**11**	11
Deposits paid to a supplier[(2)]	**24,377**	24,377	**–**	–
Less: Impairment loss on deposits	**(24,377)**	–	**–**	–
Financial assets	**17,503**	58,486	**24,505**	54,619
Prepayments	**8**	191	**8**	190
Total trade and other receivables	**17,511**	58,677	**24,513**	54,809

(1) The sales considerations receivables relates to the remaining proceeds from disposal of subsidiaries by the Group during the year ended 31 December 2017. The receivable of HK$4,500,000 as at 31 December 2018 has been received during the current year.

(2) The deposits paid for purchases of nickel ore are unsecured and interest-free. The supplier is a related party (Note 22). The amount was fully impaired on 30 September 2019 (Note 18).

6 Trade and other receivables (Cont'd)

Loans and advances

Loan and receivables are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets.

The Group has offered and granted three loans (2018 – five) via its Hong Kong subsidiary, CCIG Financial (registered money lender in Hong Kong). Total undrawn facility amount at the end of financial year ended 31 December 2019 was HK$2,500,000 (2018: HK$8,500,000). Any drawdown is subject to management approval.

Country	Nature of business of borrowers	Maturity date	Interest rate		Principal amount of the loan	
			2019	2018	**2019**	2018
			%	%	**HK$'000**	HK$'000
At amortised cost:						
British Virgin Islands	Investment company	Revolving in nature	**12**	12	**5,000**	500
Hong Kong	Purchasing of consumer debt folio & manage and recover debt	Revolving in nature	**12**	12	**5,000**	5,000[2]
Hong Kong	Personal	Revolving in nature	**12**	12	**7,500**	7,500
Hong Kong	Investment company	Revolving in nature	**12**	12	**–**	5,500
Less: Impairment loss for the year					**(359)**	–
					17,141	18,500
At fair value through profit or loss:						
Hong Kong	Investment company	[1]	**12**	12	**–**	2,584[1]
					17,141	21,084

The loans and advances are denominated in HKD.

Subsequent to the reporting date, the Group has received the repayments of HK$8,000,000 (2018 – HK$7,500,000) from the borrowers.

(1) The loan was classified as fair value through profit or loss in accordance with IFRS9 and fair value gain of HK$Nil (2018 – HK$584,000) was recorded in "Other income" during the financial year. In 2018, the fair value of the loan was HK$2,584,000 (Note 7). HK$2,584,000 was repaid in 2019.

(2) This relates to loan to a related party in which a subsidiary's director is also a deemed shareholder of the entity (Note 22).

7 Financial assets at fair value through profit or loss

The Group	**2019** **HK$'000**	2018 HK$'000
Current		
Financial assets measured at FVTPL		
Loans and advances		
At 1 January	**2,584**	2,000
Fair value gain (Note 16)	**–**	584
Repayment	**(2,584)**	–
At 31 December	**–**	2,584

The loan which comprise a debt instrument and a derivative was classified as fair value through profit or loss ("**FVTPL**") in accordance with IFRS 9 and the fair value of HK$584,000 was recorded in "other income" for the year ended 31 December 2018.

The fair value of the loan is determined based on the valuation performed by CHFT Advisory and Appraisal Ltd using the discounted cash flow model based on cash flows from interest and principal payment and additional returns dependent on meeting certain conditions as stated in the facility letter. This is a level 3 fair value measurement.

8 Cash and cash equivalents

	The Group		The Company	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash in banks	**11,123**	6,477	**565**	494
Fixed deposits	**5,529**	5,460	**–**	–
	16,652	11,937	**565**	494

As at 31 December 2019, fixed deposits were pledged to secure bank loans and other banking facilities granted to the Group. Interest accrues on the fixed deposits at 0.9% to 1.4% (2018 – 0.3% to 1.2%) per annum.

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

The Group	**2019 HK$'000**	2018 HK$'000
Cash and cash equivalents	**16,652**	11,937
Less: Fixed deposits pledged	**(5,529)**	(5,460)
	11,123	6,477

Cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**10,781**	6,099	**411**	316
United States dollar	**193**	207	**–**	–
Singapore dollar	**5,678**	5,631	**154**	178
	16,652	11,937	**565**	494

9 Share capital

	2019		2018	
The Company and the Group	**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	100,000
Issued and fully paid:				
At beginning of year	**1,913,776,973**	**19,139**	1,913,776,973	19,139
- ordinary shares of HK$0.01 each				
At end of year				
- ordinary shares of HK$0.01 each	**1,913,776,973**	**19,139**	1,913,776,973	19,139

The holder of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

10 Other reserves

	The Group		The Company	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Share premium	**51,180**	51,180	**51,180**	51,180
Contributed surplus reserve	**52,677**	52,677	**75,659**	75,659
Share option reserve	**2,973**	2,725	**2,973**	2,725
Capital contribution reserve	**5,306**	5,306	**–**	–
Foreign currency translation reserve	**191**	94	**–**	–
	112,327	111,982	**129,812**	129,564

10 Other reserves (Cont'd)

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$0.50 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 Convertible bonds

The Group and the Company

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$21,460,000) 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.

On 20 March 2017, The Company has made an adjustment to the conversion price of the outstanding Convertible Bonds from S$0.10 to S$0.046. Accordingly, the number of Shares to be issued upon full conversion of the Convertible Bonds will increase by 41,127,570 conversion Shares from 35,034,596 conversion Shares to 76,162,166 conversion Shares.

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 CHFT Advisory and Appraisal Ltd. using the applicable option pricing model. This is a level 3 recurring fair value measurement.

As at 31 December 2019 and 2018, the convertible bonds with an aggregate principal amount of S$3,503,459 (2019 – HK$21,460,000; 2018 – HK$21,187,000). On 21 February 2020, the Group and the Company have fully redeemed these convertible bonds in cash, together with accrued interest.

11 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
At 1 January 2018	21,279	290	21,569
Interest expense (Note 17)	1,540	–	1,540
Fair value loss (Note 18)	–	(278)	(278)
Interest paid	(1,464)	–	(1,464)
Exchange difference	(168)	2	(166)
At 31 December 2018	21,187	14	21,201
Interest expense (Note 17)	1,523	–	1,523
Fair value gain (Note 18)	–	(14)	(14)
Interest paid	(1,422)	–	(1,422)
Exchange difference	172	–	172
At 31 December 2019	**21,460**	**–**	**21,460**

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.

12 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.

On 20 March 2017, the Company has made an adjustment to the exercise price and number of 2015 Warrants ("**Warrants Adjustments**"). Pursuant to the terms of the deed poll dated 15 January 2015 constituting the 2015 Warrants, the Company is required to make the Warrants Adjustments as a result of the proposed non-renounceable and non-underwritten right issue of up 2,429,236,398 common shares to the capital of the Company (the "**Right Issue**").

Pursuant to the terms and conditions of the 2015 Warrants, the Warrants Adjustments has been made to both the existing number of 2015 Warrants and the exercise price of the 2015 Warrants. The number of outstanding 2015 Warrants increased by 8,750,435 from 18,173,980 to 26,924,415.

	Derivative financial liability	
	2019	2018
The Group and the Company	**HK$'000**	HK$'000
At 1 January	**5**	10
Fair value loss/(gain) (Note 18)	**30**	(5)
At 31 December	**35**	5

13 Trade and other payables

	The Group		The Company	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables(1)	**–**	10,531	**–**	–
Amounts due to a key management personnel (non-trade)(2)	**–**	5,308	**–**	–
Amounts due to related parties (non-trade)(3)	**22**	322	**–**	–
Accruals to a related party(4)	**371**	193	**–**	–
Accruals	**1,696**	1,329	**582**	559
Financial liabilities carried at amortised cost	**2,089**	17,683	**582**	559
Total trade and other payables	**2,089**	17,683	**582**	559

(1) A key management personnel of the Group, Mr Wang De Zhou is a shareholder of the payable company (Note 22). The amount has been written back in 2019 (Note 18).

(2) This relates to advances given by a key management personnel of the Group, Mr Wang De Zhou. The amount is unsecured, interest-free and repayable on demand (Note 22). The amount has been written back in 2019 (Note 16).

(3) The non-trade amounts due to a related party relates to an entity which a key management personnel of the Group, Mr. Wang De Zhou is a shareholder of the entity. An amount of HK$300,000 has been written back in 2019 (Note 16).

(4) This relates to entity in which the Company's director is also a shareholder of the entity.

Notes to the Financial Statements

for the financial year ended 31 December 2019

14 Borrowings

The Group	2019 HK$'000	2018 HK$'000
Other borrowing	**900**	1,372

Other borrowing bears interest of 12% (2018 – 12%) per annum and is repayable on demand.

15 Revenue - interest income

Revenue from the Group's principal activities recognised during the financial year are as follows:

The Group	2019 HK$'000	2018 HK$'000
Interest income	**2,148**	2,565

16 Other income

The Group	2019 HK$'000	2018 HK$'000
Bank interest income	**72**	38
Foreign exchange gain	**10**	–
Fair value gain on warrants	**–**	5
Fair value gain on derivative component of convertible bonds (Note 11)	**14**	278
Financial assets at fair value to profit or loss (Note 7)		
- fair value gains	**–**	584
Write back of trade payables (Note 22)	**10,531**	–
Write back of amounts due to related parties (Note 22)	**5,673**	–
	16,300	905

17 Finance costs

The Group	2019 HK$'000	2018 HK$'000
Interest expense on		
- bank loans and overdrafts	**–**	14
- other borrowing	**121**	120
- convertible bonds (Note 11)	**1,523**	1,540
- Foreign exchange loss/(gain) from convertible bonds	**172**	(168)
	1,816	1,506

18 Loss before taxation

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

The Group	2019 HK$'000	2018 HK$'000
Audit fees paid to		
- Auditors of the Company	**520**	563
- Other auditors	**85**	75
Fees for non-audit services paid to		
- Auditors of the Company	**–**	–
- Other auditors	**–**	–
Depreciation of property, plant and equipment (Note 4)	**4**	24
Loss on disposal of subsidiaries (Note 5)	**–**	200
Impairment loss on investment in an associated company (Note 3)	**3,355**	–
Impairment losses on trade and other receivables		
- Impairment losses on amount due from an associated company (Note 6)	**10,672**	–
- Impairment losses on loans and advances (Note 6)	**359**	–
- Impairment losses on deposits paid (Note 6)	**24,377**	–
Fair value loss/(gain) on warrants (Note 12)	**30**	(5)
Fair value gain on derivative component of convertible bonds (Note 11)	**(14)**	(278)
Foreign exchange (gain)/loss	**(10)**	839
Operating lease expense in respect of rented premises	**304**	307
Share-based payment expenses	**248**	247
Staff costs		
Directors' fees	**536**	526
Directors' remuneration other than directors' fee		
- Salaries, wages and other related costs	**–**	150
Key management personnel (other than directors)		
- Salaries, wages and other related costs	**360**	360
- Employer's contributions to defined contribution plans	**18**	18
Total key management personnel compensation	**914**	1,054
Other than key management personnel		
- Salaries, wages and other related costs	**120**	152
- Employer's contributions to defined contribution plans	**6**	8
	126	160
Total staff costs	**1,040**	1,214

19 Taxation

The Group	2019 HK$'000	2018 HK$'000
Current taxation		
Current year	**95**	63
Under/(over) provision in respect of prior years	**103**	(63)
	198	–

19 Taxation (Cont'd)

Reconciliation of effective tax rate

The Group	**2019** **HK$'000**	2018 HK$'000
Loss before taxation	**(26,585)**	(4,442)
Tax at statutory rates applicable to different jurisdictions	**351**	(138)
Tax effect on non-deductible expenses	**4,657**	99
Tax effect on non-taxable income	**(4,988)**	(51)
Tax rebate	**(20)**	(60)
Deferred tax assets on current year tax losses not recognised	**95**	213
Adjustments of current taxation in respect of prior years	**103**	(63)
	198	–

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 for assessable profits that is more than HK$2,000,000 is 16.5% (2018 – 16.5%) for the financial year ended 31 December 2019. For the first HK$2,000,000 assessable profits, the corporate income tax rate applicable to the subsidiaries in Hong Kong is 8.25% (2018 – 8.25%).

20 Share-based payment compensation

The Company had in place a share option scheme (the "**Joyas Share Option Scheme 2007**") which was adopted at a special general meeting of the Company held on 21 December 2007. The duration of the Joyas Share Option Scheme 2007 was 10 years from the date that it was adopted and had accordingly expired and lapsed on 21 December 2017.

The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company in the Group.

Other than the options granted to the controlling shareholders and their associates (as defined in the Catalist Rules), no options have been granted since 19 August 2016 (when the last options were granted) to 21 December 2017. No individual has received 5% or more of the total number of options available under the Joyas Share Option Scheme 2017. No options were granted at a discount since the commencement of the Scheme to 21 December 2017.

No options to take up unissued shares of the subsidiaries have been granted during the financial year.

There were no unissued shares of subsidiaries under option as at 31 December 2019.

No shares were issued during the financial year to which this statement relates by virtue of the exercise of the options to take up unissued shares of the Company or any subsidiary.

Joyas Share Option Scheme 2018

Since Joyas Share Option Scheme 2007 had expired, the Company adopted a new scheme known as the Joyas Share Option Scheme at a special general meeting of the Company held on 28 April 2018 (the "**2018 Scheme"**). The 2018 Scheme will continue to be in force at the discretion of the Remuneration Committee subject to a maximum period of 10 years, commencing on the date on which the Scheme was adopted.

The 2018 Scheme seeks to attract, retain and provide incentives to participants to encourage greater dedication and loyalty by enabling the Company to provide recognition for past contributions and services. The Company believes that this, in turn, will help to motivate participants generally to contribute towards the Company's long-term success. Save for Joyas Share Option Scheme 2007 which has expired, the Company did not and currently does not have any other share option or share scheme in force. The 2018 Scheme is administered by the Remuneration Committee which comprises Mr Lim Siang Kai, Mr Cheung King Kwok and Mr Ong Chor Wei.

The 2018 Scheme allows participation of controlling shareholders and associates of controlling shareholders as the Company acknowledges that the contributions and services of employees who are controlling shareholders and employees who are associates of controlling shareholders are equally important to the Company's long-term success. Rule 852 of the Catalist Rules states that the participation in a scheme by controlling shareholders and their associates must be approved by independent shareholders of the issuer, and a separate resolution must be passed for each person and to approve the actual number and terms of options granted to that participant. In light of Rule 852 of the Catalist Rule, the Board will update the shareholders each time a resolution is passed to grant options to the participants of the 2018 Scheme. As a safeguard, the controlling Shareholders and associates of controlling shareholders will abstain from voting on any resolution in relation to their participation in the 2018 Scheme.

20 Share-based payment compensation (Cont'd)

Category of grantee	Note	Date of grant	Exercisable period	Balance at 1.1.2018	Granted during the year	Balance at 31.12.2018	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				53,000,000	–	53,000,000	

Category of grantee	Note	Date of grant	Exercisable period	Balance at 1.1.2019	Granted during the year	Balance at 31.12.2019	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				53,000,000	–	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) [2018 – S$0.0035 (HK$0.02) and S$0.03 (HK$0.17)] and their weighted average remaining contractual life was 1.11 years (2018 – 2.11 years). There is no option granted during the year (2018: Nil).

Of the total number of options outstanding at the end of the year, 41,000,000 share options (2018 – 41,000,000 share options) were exercisable at the end of the year.

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20 Share-based payment compensation (Cont'd)

	2019		2018	
	Weighted average exercise price HK$	**Number of options**	Weighted average exercise price HK$	Number of options
Outstanding at beginning and end of year	**0.07**	**53,000,000**	0.07	53,000,000

The fair values of options granted were determined using the 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 2019, the equity-settled share-based payment expense of HK$248,000 (2018 – HK$247,000) 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$27,184,000 (2018 – HK$3,812,000) and on the weighted average number of 1,913,776,973 (2018 – 1,913,776,973) ordinary shares in issue during the year.

Basic loss per share and diluted loss per share are the same for the years ended 31 December 2018 and 2019 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		**Balances (Notes 6 and 13)**	
	2019	2018	**2019**	2018
The Group	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Deposits paid to a supplier for purchases of nickel ore[(1)]	**–**	–	**–**	24,377
Trade payable of nickel ore to a supplierl[(1)]	**–**	–	**–**	(10,531)
Interest income from a related party[(4)]	**(600)**	(600)	**5,000**	5,000
Rental and utility expense paid to related parties[(2)]	**297**	307	**(371)**	(193)
Management fee paid to a related party[(2)]	**60**	60	**(22)**	(22)
Advances from a related party[(5)]	**–**	–	**–**	(300)
Advances from a key management personnel[(3)]	**65**	351	**–**	(5,308)

(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 2019 are disclosed in Note 6 to the financial statements. The amount was fully impaired and trade payable of nickel ore to supplier was fully wrtten back during the year ended 31 December 2019.

(2) This relates to entities in which the Company's director is also a shareholder of the entities.

(3) The advances are given by a key management personnel of the Group, Mr Wang De Zhou. The terms and conditions of the loan as at 31 December 2019 are disclosed in Note 13 to the financial statements. The amount was fully written back during the year ended 31 December 2019.

(4) This relates to a party in which a key management personnel of the Group, Mr Wang De Zhou is also a deemed shareholder of the entity.

(5) This relates to a party in which a key management personnel of the Group, Mr Wang De Zhou is also a deemed shareholder of the entity. The amount was fully written back during the year ended 31 December 2019.

23 Segment information

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

(a) Nickel ore; and

(b) Financing activities.

	Nickel ore		Financing activities		Elimination		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue								
External	**–**	–	**2,148**	2,565	**–**	–	**2,148**	2,565
Total revenue	**–**	–	**2,148**	2,565	**–**	–	**2,148**	2,565
Segment Results								
Segment profit/(loss) from operations	**1,358**	(1,881)	**1,519**	2,497	**(25,257)**	–	**(22,380)**	616
Share of associate's results	**281**	169	**–**	–	**–**	–	**281**	169
Unallocated income							**16,228**	283
Unallocated expenses							**(18,970)**	(4,042)
Finance income							**72**	38
Finance expense							**(1,816)**	(1,506)
Loss before income tax							**(26,585)**	(4,442)
Income tax expense							**(198)**	–
Loss for the year							**(26,783)**	(4,442)
Other information								
Segment assets	**57**	38,046	**17,416**	21,434	**–**	–	**17,473**	59,480
Unallocated assets							**16,691**	16,658
Consolidated total assets							**34,164**	76,138
Segment assets includes:								
Investment in associated company	**–**	2,935	**–**	–	**–**	–	**–**	2,935
Segment liabilities	**1,073**	41,216	**26,342**	25,182	**(25,790)**	(49,950)	**1,625**	16,448
Unallocated liabilities							**23,213**	23,968
Consolidated total liabilities							**24,838**	40,416
Depreciation of plant and equipment	**4**	24	**–**	–	**–**	–	**4**	24
Fair value gain on loan and and receivable	**–**	–	**–**	(584)	**–**	–	**–**	(584)
Loss on disposal of a subsidiary	**–**	200	**–**	–	**–**	–	**–**	200
Impairment losses on investment in associated company	**3,355**	–	**–**	–	**–**	–	**3,355**	–
Impairment losses on trade and other receivables	**35,049**	–	**359**	–	**–**	–	**35,408**	–
Write back of trade payable	**(10,531)**	–	**–**	–	**–**	–	**(10,531)**	–
Write back of other payable	**(4,973)**	–	**–**	–	**–**	–	**(4,973)**	–

Notes to the Financial Statements

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23 Segment information (Cont'd)

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than deposits, prepayment, other receivables and cash and bank balances. These assets are classified as unallocated assets.

Segment liabilities

The amounts provided to the management with respect total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than convertible bonds, warrants, current tax liabilities, borrowings and other payables. These liabilities are classified as unallocated liabilities.

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	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Principal markets:				
The PRC, including Hong Kong	**2,148**	2,536	**1**	5
Others	**–**	29	**–**	2,935
	2,148	2,565	**1**	2,940

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 (2018 – 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.

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

	2019	2018
The Group	**HK$'000**	HK$'000
Customer A (Note)	**600**	600
Customer B (Note)	**600**	595
Customer C (Note)	**900**	372
Customer D (Note)	**48**	536
	2,148	2,103

Notes:

Derived from the financing activities

As at 31 December 2019, 100% (2018 – 90.6%) of the Group's interest receivables/trade receivables were due from these customers.

24 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:

24.1 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	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Financial assets at amortised cost	**34,155**	70,423	**25,070**	55,113
Financial assets at FVTPL (Note 7)	**–**	2,584	**–**	–
	34,155	73,007	**25,070**	55,113

	The Group		The Company	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade and other payables	**2,089**	17,683	**582**	559
Convertible bonds (liability component)	**21,460**	21,187	**21,460**	21,187
Borrowings	**900**	1,372	**–**	–
	24,449	40,242	**22,042**	21,746
Financial liabilities at fair value through profit or loss:				
Convertible bonds (derivative component)	**–**	14	**–**	14
Warrants	**35**	5	**35**	5
	35	19	**35**	19
	24,484	40,261	**22,077**	21,765

24.2 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**") and Singapore Dollar ("**SGD**"). Exposures to currency exchange rates arise from the Group's overseas sales and purchases.

The Group's exposure to currency translation risk arising from its net investment in associate in Indonesia is managed primarily through advances denominated in the relevant foreign currency.

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for the financial year ended 31 December 2019

24 Financial risk management (Cont'd)

24.2 Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

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:

The Group	USD HK$'000	SGD HK$'000
As at 31 December 2019		
Trade and other receivables	**–**	**14**
Cash and cash equivalents	**193**	**5,677**
Trade and other payables	**–**	**(62)**
Convertible bonds	**–**	**(21,460)**
Warrants	**–**	**(35)**
Net exposure arising from financial assets and liabilities	**193**	**(15,866)**
As at 31 December 2018		
Trade and other receivables	10,672	25
Cash and cash equivalents	207	5,631
Trade and other payables	(10,531)	(26)
Convertible bonds	–	(21,201)
Warrants	–	(5)
Net exposure arising from financial assets and liabilities	348	(15,576)

The Company does not have material financial assets and financial liabilities denominated SGD and USD for the year ended 31 December 2019 and 31 December 2018.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the SGD and USD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's profit after tax:

	Group Increase/(decrease) in profit after tax 2019 HK$'000
SGD/HKD	
- strengthened 3%	476
- weakened 3%	(476)
USD/HKD	
- strengthened 3%	6
- weakened 3%	(6)

A 3% fluctuation in the SGD and USD exchange rate against HKD will not have a significant impact on the Group's loss for the previous financial year.

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.

24 Financial risk management (Cont'd)

24.2 Market risk (Cont'd)

(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 fixed rates which are contractually repriced at intervals of less than 6 months (2018 – less than 6 months), other borrowings and loans and advances from the end of the reporting period. If the interest rate of loans and advances increase/decrease by 50 (2018 – 50) basis points with all variables including tax rate being held constants, the loss after tax of the Group will be lower/higher by HK$80,000 (2018 – HK$96,000) Sensitivity analysis for other financial instruments are not presented because the Group's exposure to interest rate risk from other financial instruments are not material.

24.3 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.

As at 31 December 2019, the Group's significant exposure to credit risk arises from loans and advances and other receivables. Credit exposure to an individual counterparty is restricted by credit limits that are approved by the credit committee based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by the respective management and the credit committee. The Group's loans and advances comprise three borrowers (2018 – five borrowers) that represented 100% (2018 – 100%) of the total loans and advances. There is significant credit concentration in a few borrowers.

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 loss 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.

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.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("**ECL**"):

Description of evaluation of financial assets	**Basis for recognition and measurement of ECL**
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over one year past due, whichever occurs earlier	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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for the financial year ended 31 December 2019

24 Financial risk management (Cont'd)

24.3 Credit risk (Cont'd)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of terms of the facility letter or supplement facility letter by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). For example, when certain key liquidity and solvency ratios at reporting date provide evidence that the borrower is in significant financial difficulty such that it will have insufficient liquid assets to repay the loan when due. Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Cash and cash equivalents are placed with institutions with good credit rating and the management estimate the probability of default and loss given default to be low.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowance.

	Trade and other receivables HK$'000
The Group	
Balance at 1 January 2019	–
Loss allowance measured:	
Lifetime ECL	
- simplified approach	359
- credit-impaired	35,049
Balance at 31 December 2019	35,408

	Trade and other receivables HK$'000
The Company	
Balance at 1 January 2019	–
Loss allowance measured:	
Lifetime ECL	
- credit-impaired	25,958
Balance at 31 December 2019	25,958

Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

24 Financial risk management (Cont'd)

24.3 Credit risk (Cont'd)

Other financial assets at amortised cost

Other financial assets at amortised cost include amount due from subsidiaries (non-trade), amount due from an associated company, sales consideration receivables, deposits, other receivables, deposits paid to a supplier and cash and bank balances.

The table below details the credit quality of the Group's and the Company's financial assets at amortised cost (other than trade receivables):

Group	12-month or lifetime ECL	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
2019				
Amount due from an associated company	Lifetime ECL	**10,672**	**(10,672)**	**–**
Deposits	12-month ECL	**19**	**–**	**19**
Other receivables	12-month ECL	**343**	**–**	**343**
Deposits paid to a supplier	Lifetime ECL	**24,377**	**(24,377)**	**–**
Cash and bank balances	N.A. Exposure Limited	**16,652**	**–**	**16,652**
2018				
Amount due from an associated company	Lifetime ECL	10,672	–	10,672
Deposits	N.A. Exposure Limited	19	–	19
Sales consideration receivables	12-month ECL	4,500	–	4,500
Other receivables	12-month ECL	418	–	418
Deposits paid to a supplier	Lifetime ECL	24,377	–	24,377
Cash and bank balances	N.A. Exposure Limited	11,937	–	11,937

Company	12-month or lifetime ECL	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
2019				
Amount due from subsidiaries (non-trade)	Lifetime ECL	**50,433**	**(25,958)**	**24,475**
Deposits	12-month ECL	**19**	**–**	**19**
Other receivables	12-month ECL	**11**	**–**	**11**
Cash and bank balances	N.A. Exposure Limited	**565**	**–**	**565**
2018				
Amount due from subsidiaries (non-trade)	Lifetime ECL	50,089	–	50,089
Deposits	N.A. Exposure Limited	19	–	19
Sales consideration receivables	12-month ECL	4,500	–	4,500
Other receivables	12-month ECL	11	–	11
Cash and bank balances	N.A. Exposure Limited	494	–	494

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for the financial year ended 31 December 2019

24 Financial risk management (Cont'd)

24.4 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 Group and Company manage the liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments. In managing its liquidity, Management monitors and reviews the Group's and Company's forecasts of liquidity reserves (comprising cash and cash equivalents and undrawn borrowing facilities) on the basis of expected cash flows determined at local level in the respective operating companies of the Group in accordance with limits set by the Group.

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

		Contractual undiscounted cash flows			
	Carrying amount HK$'000	Total HK$'000	Less than 1 year HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
The Group					
As at 31 December 2019					
Trade and other payables	**2,089**	**2,089**	**2,089**	**–**	**–**
Convertible bonds	**21,460**	**21,682**	**21,682**	**–**	**–**
Borrowings	**900**	**990**	**990**	**–**	**–**
	24,449	**24,761**	**24,761**	**–**	**–**
As at 31 December 2018					
Trade and other payables	17,683	17,683	17,683	–	–
Convertible bonds	21,201	21,570	1,398	20,172	–
Borrowings	1,372	1,492	1,492	–	–
	40,256	40,745	20,573	20,172	–
The Company					
As at 31 December 2019					
Other payables	**582**	**582**	**582**	**–**	**–**
Convertible bonds	**21,460**	**21,682**	**21,682**	**–**	**–**
	22,042	**22,264**	**22,264**	**–**	**–**
As at 31 December 2018					
Other payables	559	559	559	–	–
Convertible bonds	21,201	21,570	1,398	20,172	–
	21,760	22,129	1,957	20,172	–

24.5 Financial risk management

The Group and Company are exposed to financial risks arising from their operations and the use of financial instruments.

The key financial risks include foreign currency risk, interest risk, credit risk and liquidity risk.

The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance. The Group uses derivatives such as forward currency contracts to hedge certain financial risk exposures but the Group does not hold derivative financial instruments for trading purposes.

The directors provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity. Such written policies are reviewed annually.

25 Financial instruments

25.1 Carrying amounts and fair values

The carrying amounts of financial assets and liabilities carried at amortised costs approximate their fair value due to their relatively short term nature.

25.2 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 fair value of loans and advances is determined using the discounted cash flow model.

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.

25.3 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 recurring 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 2019				
Recurring fair value measurements				
Warrants	**–**	**–**	**35**	**35**
	–	**–**	**35**	**35**
As at 31 December 2018				
Recurring fair value measurements				
Loans and advances	–	–	2,584	2,584
Derivative component of convertible bonds	–	–	14	14
Warrants	–	–	5	5
	–	–	2,603	2,603

Level 3 fair value measurement

The reconciliation of the carrying amount of financial instruments classified within Level 3 is disclosed in Note 11 (derivative component of convertible bonds), Note 12 (Warrants), and Note 7 (Financials assets at fair value through profit or loss).

There were no transfers between Level 1, Level 2 and Level 3 in 2019 and 2018.

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 of 7.84% - Liquidity Risk Premium of 2%	There is a positive relationship between all of these key observable inputs and estimated fair value.
Warrants	Binomial Option Pricing Model	- Dividend yield of zero - Exercise behaviour of 100%	There is a positive relationship between all of these key observable inputs and estimated fair value.
Loans	Discounted cash flow model	- Credit spread of 11.1%	There is a positive relationship between all of these key observable inputs and estimated fair value.

Changes in significant inputs by 1% (2018 – 1%) will not have significant impact on the fair value measurements.

Notes to the Financial Statements

for the financial year ended 31 December 2019

25 Financial instruments (Cont'd)

25.3 Fair value hierarchy (Cont'd)

Valuation process applied by the Group

The fair values of derivative component of convertible bonds, warrants and loans and advances at FVTPL are determined by external, independent valuers, having appropriate professional qualifications and experience in valuing such financial instruments. For valuation performed by external valuers, management considers the appropriateness of the valuation technique and assumptions applied by the external valuers.

26 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 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	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade and other payables (Note 13)	**2,089**	17,683	**582**	559
Borrowings (Note 14)	**900**	1,372	**–**	–
Convertible bonds (liability component) (Note 11)	**21,460**	21,187	**21,460**	21,187
Total debt	**24,449**	40,242	**22,042**	21,746
Less: Cash and cash equivalents (Note 8)	**(16,652)**	(11,937)	**(565)**	(494)
Net debt	**7,797**	28,305	**21,477**	21,252
Equity attributable to owners of the Company	**9,449**	36,288	**3,009**	33,546
Total capital and net debt	**17,246**	64,593	**24,486**	54,798
Gearing ratio	**45%**	44%	**88%**	39%

27 Legal claims and contingent liabilities

There was a deposit of approximately HK$24.4 million paid by Hong Kong Silver Basic Group Limited ("**HK Silver**") in 2015 to a supplier in the Philippines (the "**Supplier**") for the purchase of nickel ore (the "**deposit**"). The deposit is interest free and unsecured.

The deposit paid by HK Silver was funded by Asiapac Growth Holdings Ltd ("**Asiapac**"), a wholly-owned direct subsidiary of the Company which in turn holds a 70% direct shareholding interest in HK Silver. Pursuant to a facility agreement dated 18 March 2015 entered into between Asiapac and HK Silver (the "**Facility Agreement**"), Asiapac agreed to extend funds of up to US$3 million to HK Silver (the "**funds**") which are secured by:

(i) A personal guarantee from Mr Wang De Zhou ("**WDZ**") (who is a director, the chief executive officer and a minority shareholder of HK Silver and who is the owner of the Supplier), and personal guarantees from Mr Wang De Wei and Mr Wang Jun Zhe (who are minority shareholders of HK Silver and who are family members of WDZ), (collectively the "**guarantees**"); and

(ii) A pledge of shares (the "**share pledge**") in a mining company which owns nickel ore mining concessions in Indonesia and which is majority owned by WDZ.

Under the terms of the Facility Agreement, Asiapac is also entitled to 20% per annum (net of any applicable withholding tax) of the amount of the Funds (in the form of interest or dividends) in accordance to the payment schedule stipulated under the Facility Agreement (the "**minimum cost of funding**"). The Minimum Cost of Funding is also secured by the Guarantees and the Share Pledge.

WDZ had proposed a repayment plan to the Group of which the first instalment of US$50,000 (equivalent to HK$390,000) will be repaid by August 2019 and the quantum of subsequent instalments will increase and be repaid over a period of time depending on the level of shipment of nickel ore in the future (the "**repayment plan**").

Up to 30 September 2019 no payment has been received by the Group from WDZ under the repayment plan and there has not been any material progress on the domestic and/or export sales of nickel ore.

To recover the deposit, the Board and the management has decided to take immediate steps to enforce the guarantees and the share pledge which were the securities provided to secure the, inter alia, the obligation to repay the funds extended by Asiapac to HK Silver plus the minimum cost of funding.

As disclosed under the various announcements to 29 November 2019, the Group's lawyers had issued demand letters, notification letters and warning letters to relevant parties as part of recovery proceedings to enforce the guarantees and share pledge relating to the credit facility for the funding of the deposit. The Board has been informed that while legal action is in progress, WDZ has proposed to the Group to defer further legal action and management is negotiating with him on the terms of the possible deferment of legal action . Management is also in the process of discussing with lawyers on legal costs and evaluating the most feasible next course of action.

Consequently, the deposit paid to the supplier of HK$24,377,000 (Note 18) have been fully impaired and trade payable of HK$10,531,000 have been fully written back by the management during the year (Note 18).

28 Subsequent events

On 21 February 2020, the Group and the Company have fully redeemed these convertible bonds in cash of S$3,503,549 (HK$19,637,942) together with accrued interest of S$245,242 (HK$1,374,657).

In late December 2019, there was an outbreak of coronavirus (COVID-19) in the People's Republic of China ("**PRC**"), Hong Kong ("**HK**") and other countries which has led to public health and safety concerns and the implementation of certain policies by the governmental authorities to safeguard the health and safety for the general public and to limit the potential impact of the outbreak. As at to date, the Group is not aware of any of the customers experiencing material adverse financial performance due to the outbreak. Nevertheless, the overall regional economy in HK and the PRC will remain challenging for the next 3 to 6 months. Accordingly, it will affect the Group's future development as potential or current customers may be financially affected by the COVID-19.

Key Information of Directors to be Re-Elected

Key Information		
Name of Director	Lim Siang Kai	Lau Chor Beng, Peter
Date of appointment	21 December 2007	4 October 2006
Date of last re-appointment	26 April 2018	28 June 2017
Age	63	71
Country of principal residence	Singapore	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors, having considered the recommendation of the Nominating Committee, and having reviewed the qualifications and working experience of Mr Lim Siang Kai, is of the view that he has the requisite experience and capabilities to assume the responsibilities as an Independent Non-Executive Director of the Company. Accordingly, the Board of Directors has approved the appointment of Mr Lim Siang Kai as an Independent Non-Executive Director of the Company.	The Board of Directors, having considered the recommendation of the Nominating Committee, and having reviewed the qualifications and working experience of Mr Lau Chor Beng, Peter, is of the view that he has the requisite experience and capabilities to assume the responsibilities as the Managing Director and an Executive Director of the Company. Accordingly, the Board of Directors has approved the appointment of Mr Lau Chor Beng, Peter as the Managing Director and an Executive Director of the Company
Whether the appointment is executive and if so, please state the area of responsibility	No	Yes. Managing Director of the Group. He is responsible for the overall management and strategic planing of the Group.
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	Independent Non-Executive Director, Chairman of Nominating Committee, Remuneration Committee and Risk Management Committee, and member of Audit Committee	Managing Director and Executive Director
Professional memberships/ qualifications	Bachelor of Social Sciences (Honours) from the National University of Singapore Master of Arts in Economics from the University of Canterbury, New Zealand	Master of Metallurgy Engineering (材料工程碩士專業學位),University of Yanshan (燕山大學). Fellow of the Council (Machinery and Metal Industry (Diecast)), the Professional Validation Council of Hong Kong Industries. Fellow Member of Asian Knowledge Management Association, City University of Hong Kong. Doctorate in Engineering, Lincoln University. Honorary FMBA, Canadian Chartered Institute of Business Administration.
Working experience and occupation(s) during the past 10 years	2005 to present: Chairman and Independent director of ISDN Holdings Limited 2007 to present: Independent Director of Beijing Gas Blue Sky Holdings Limited (formerly known as Blue Sky Holdings Limited) 2017 to present: Chairman and independent director of Samurai 2K Aerosol Limited 2006 to 2017: Independent non-executive director of Natural Cool Holdings Limited 2019 to present: Chairman and Non-Executive director of D'nonce Technology Berhad.	2006 to present. Managing Director of the Group.
Shareholding interest in the Company and its subsidiaries	No	Mr Lau is deemed interested in 59.1% of the shares in the Company through his shareholding in Joyas Investments Group Limited.

Key Information of Directors to be Re-Elected

Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries		No	No
Conflict of Interest (including any competing business)		No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?		Yes	Yes
Other Principal Commitments and Directorships		Present Chairman and Independent director of ISDN Holdings Limited Independent Director of Beijing Gas Blue Sky Holdings Limited (formerly known as Blue Sky Holdings Limited) Chairman and independent director of Samurai 2K Aerosol Limited Chairman and Non-Executive director of D'nonce Technology Berhad.	Present Non executive director of the following: Techno Holdings Limited Techno Auto Limited Empire View Limited Brilliant Jewelry Design Limited Joyas Holding Limited Happy Time Limited
		Past 5 years Independent non-executive director of Natural Cool Holdings Limited	Past 5 years Joyas Group Limited
General Statutory of Declaration of Directors			
(A)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(B)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(C)	Whether there is any unsatisfied judgment against him?	No	No

Key Information of Directors to be Re-Elected

(D)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(E)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(F)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(G)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(H)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(I)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(J)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

Key Information of Directors to be Re-Elected

	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(K)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of an issuer listed on the Exchange?		Not applicable as this is in relation to re-election of director	Not applicable as this is in relation to re-election of director

Corporate Governance Report

Joyas International Holdings Limited (the "**Company**") is committed to maintaining a high standard of corporate governance and has put in place corporate governance 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 2019 ("**FY2019**"), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**2018 Code**"), pursuant to Rule 710 of the Listing Manual Section B: Rules of the Catalist (the "**Catalist Rules**"). The Company has complied with the principles and guidelines as set out in the 2018 Code, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the 2018 Code. The Company did not adopt any alternative corporate governance practices in FY2019.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Company is effectively headed by the Board of Directors (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 (collectively, the "**Group**") and it works with the Management to achieve this. The Board oversees the affairs of the Group and focuses on strategies and policies, with particular attention paid to growth and financial performance. The Board delegates the formulation of business policies and day-to-day management to the Executive Director. Provision 1.1

The Directors act objectively in the best interests of the company and hold Management accountable for performance. The Board has put in place a code of conduct and ethics, and has set an appropriate tone-from-the-top and desired organisational culture. The Board also ensures proper accountability within the Company. Directors who face a conflict of interest recuse themselves from discussions and decisions involving issues of conflict.

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, including safeguarding of shareholders' interests and the Group's assets;

3. reviewing the Management's performance, and ensuring that the Management executes business management decisions with the highest level of integrity;

4. identifying key stakeholder groups and recognise that their perceptions affect the Company's reputation;

5. setting the Group's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;

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

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

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

9. approving half-year , quarterly results (with effect for Q3 2021)

Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. Provision 1.2

Catalist Rule 406(3)(a)

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 Company's expense, relevant and useful training or seminars conducted by external organisations. News releases issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") which are relevant to the Directors are circulated to the Board. The Board was briefed regularly by the Company's external 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 FY2019, briefings, updates and trainings provided to the Directors include:

- briefings by the Company's external auditors on key changes to the International Financial Reporting Standards at the AC meetings; and

- updates by the Company Secretary on amendments to the Catalist Rules of the SGX-ST, from time to time.

There were no new Directors appointed during FY2019. 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 corporate governance practices to ensure that the new Director is familiar with the Group's business, policies and corporate governance practices, and is able to discharge his or her duties effectively. Other forms of training include briefings on corporate governance practices and training in accounting, legal and industry-specific knowledge. First time directors will attend mandatory trainings as prescribed by the SGX-ST.

The Board also has guidelines setting forth clear directions to the Management on matters that must be approved by the Board. Matters that specifically require Board approval include corporate and strategic directions, nomination of Directors to the Board, appointment of key executive officers, material acquisitions and disposals of assets (with consideration more than 25% of the total assets), share issuances, dividends and other forms of returns to shareholders. All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Company, and objectively make decisions in the best interests of the Company. Provision 1.3

Board committees, which include the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Risk Management Committee ("**RMC**") (collectively, the "**Board Committees**"), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. These terms of reference are reviewed annually, along with the structure and membership of the Board Committees, to ensure their continued relevance. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities are described separately under the various sections of each Board Committee below. Provision 1.4

Catalist Rule 406(3)(e)

Currently the Board is scheduled to meet at least twice a year. From Q3 2021, the Board is scheduled to meet at least four times a year due to quarterly announcement and as and when warranted by circumstances. The Company's Bye-Laws allow Board and Board Committee meetings to be conducted by way of a telephone conference or by means of similar communication.

Directors attend and actively participate in Board and Board Committee meetings. The number of such meetings held in respect of FY2019 and the attendance of the Directors are set out in the table below: Provision 1.5

Directors' Attendance at Board and Board Committee Meetings										
	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting		Risk Management Committee Meeting	
Name of Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Cheung King Kwok	2	2	2	2	1	1	1	1	Note 1	Note 1
Ong Chor Wei	2	2	2	2	1	1	1	1	Note 1	Note 1
Lau Chor Beng	2	2	NA	NA	NA	NA	NA	NA	N/A	N/A
Kwok Chin Phang	2	2	NA	NA	NA	NA	NA	NA	N/A	N/A
Lim Siang Kai	2	2	2	2	1	1	1	1	Note 1	Note 1

NA = Not Applicable

Note 1: No new loans were granted during the year. No meetings were held as no new loans were granted and the business risk of the Company remains the same.

Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Provision 1.6

The Board reviews legislative and regulatory compliance reports from Management to ensure that the Company takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules of the SGX-ST.

The Company recognises the importance of providing the Board with accurate and relevant information on a timely basis. The Management highlights key business indicators and major issues that were relevant to the Company's performance from time to time at Board Committee Meetings and provides the Board with half yearly management accounts, quarterly management accounts from Q3 2021 and such explanation and information on a monthly basis in order to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

The Directors have separate and independent access to the Management, the Company Secretary, and external advisers (where necessary) at the Company's expense. Pursuant to Bye-Law 136 of the Company's Bye-Laws, the appointment and removal of the Company Secretary is a matter for the Board to decide as a whole. Provision 1.7

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board comprises:

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

The Independent Non-Executive 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 the Independent Non-Executive Directors are independent in conduct, character and judgment, and none of the Independent Non-Executive Directors have any relationship with the Company, its related corporations, its substantial 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 Non-Executive Directors have also confirmed their independence in accordance with the 2018 Code. In the event that any relationship which is likely to affect the Director's judgment arises, the relevant Director will make timely disclosure of such relationship to the Board. Provision 2.1 Catalist Rule 406(3)(d)

The Independent Non-Executive 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.

The composition of the Board and independence of each Independent Non-Executive Directors are and will be reviewed annually by the NC in accordance with the guidelines under the 2018 Code. In determining the independence of each Independent Non-Executive Director, the Board and the NC also consider the new Rules 406(3)(d)(i) and (ii) of the Catalist Rules, which took effect on 1 January 2019. Pursuant to rules 406(3)(d)(i) and (ii) of the Catalist Rules, the Board and the NC consider that a director is not independent under any of the following circumstances:

(i) if he is employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; and

(ii) if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the RC of the Company.

The Independent Non-Executive Directors have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

The Independent Non-Executive Directors, namely, Mr Cheung King Kwok and Mr Lim Siang Kai have served beyond ten (10) 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 provisions of the 2018 Code and the applicable Catalist rule, 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 judgment over the years in discharging their duties and responsibilities as Independent Non-Executive 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 judgment of the Independent Non-Executive 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 abovementioned review process in establishing their independence.

Provision 2.2 of the Code, whereby Independent Directors make up a majority of the Board is not applicable as the Chairman of the Board is an Independent Non-Executive Director. Provision 2.2

Non-Executive Directors make up a majority of the Board. Provision 2.3

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 (5) 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. Provision 2.4

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 and age. 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 the 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 that the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

To facilitate a more effective check on the Management, Non-Executive Directors (including Independent Non-Executive Directors) have met twice without the presence of the Management in FY2019. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate. Provision 2.5

PRINCIPLE 3: CHAIRMAN AND MANAGING DIRECTOR

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Independent Non-Executive Chairman and the Managing Director are separate persons and are not related to each other. The Independent Non-Executive Chairman is also an Independent Non-Executive Director. Accordingly, the Company is not required to, and has not appointed, a lead independent Director. There is clear separation of the roles and responsibilities between the Independent Non-Executive Chairman and the Managing Director in order to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. Provision 3.1 Provision 3.3

The Independent Non-Executive Directors meet regularly amongst themselves without the presence of the other Directors, where necessary. The Independent Non-Executive Chairman, Mr Cheung King Kwok, makes himself available to shareholders if they have concerns relating to matters that contact through the Managing Director has failed to resolve, or where such contact is inappropriate.

The Board has clearly established and set out in writing the division of responsibilities between the Independent Non-Executive Chairman and the Managing Director. The responsibilities of the Independent Non-Executive Chairman include the following: Provision 3.2

1. leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

2. promote a culture of openness and debate at the Board;

3. ensuring that the Directors receive complete, adequate and timely information;

4. ensuring effective communication with the shareholders;

5. encouraging constructive relations within the Board, between the Board and the Management, and between the Executive Director and the Non- Executive Directors (including the Independent Non-Executive Directors);

6. facilitating the effective contribution of the Non-Executive Directors (including the Independent Non-Executive Directors) in particular; and

7. promoting high standards of corporate governance.

As the Managing Director of the Company, Mr Lau Chor Beng, Peter is responsible for overseeing and managing the businesses of the Company. He is accountable to the Board for the conduct and performance of the Group and has been delegated authority to make decisions within certain financial limits authorised by the Board.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The members of the NC are as follows: Provision 4.2

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

The NC is made up of three (3) Non-Executive Directors with the majority, including the NC Chairman, being independent. The NC is scheduled to meet at least once a year and had convened a meeting on 27 February 2019.

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 Directors' health and age related concerns as well as Management succession plans.

Corporate Governance Report

The NC is regulated by a set of written terms of reference which sets out its authority and its role, including but not limited to establishing a formal and transparent process for: Provision 4.1

1. reviewing and making recommendations to the Board on all Board appointments;

2. appointment and re-appointment of the Directors having regard to each Director's contribution and performance, including, if applicable, as an Independent Non- Executive Director;

3. reviewing of the Board's succession plans for Directors, in particular, the appointment and/or replacement of the Independent Non-Executive Chairman, the Managing Director and key executive officers;

4. developing a process and the criteria for evaluation of the performance of the Board, its board committees and directors;

5. reviewing the training programs and professional development programs for the Board and its Directors;

6. determining annually whether or not a Director is independent; and

7. assessing the effectiveness of the Board as a whole, the effectiveness of the Board Committees and the commitment, contribution and performance 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. Provision 4.3

Catalist Rule 720(4)-(5)

New Directors are appointed by way of a Board resolution, after the NC and the Board have approved their nominations. Such new Directors will submit themselves for re-election at the next Annual General Meeting ("**AGM**") of the Company. Pursuant to the Company's Bye-Laws, every Director shall retire from office once every three (3) years and for this purpose, at each AGM of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Key information on the Directors can be found in the "**Board of Directors**" section of this Annual Report.

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

Name of Director	Date of initial appointment	Date of last re-election	Due for re-election
Lim Siang Kai	21 December 2007	26 April 2018	Yes
Lau Chor Beng, Peter	4 October 2006	28 June 2017	Yes

Please refer to pages 58 to 61 for additional information in relation to Mr Lim Siang Kai and Mr Lau Chor Beng, Peter.

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 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 Company's Bye-Laws, 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 Managing Director and an Executive Director of the Company.

Pursuant to Bye-Law 104 of the Company's Bye-Laws, Mr Lim Siang Kai will retire at the forthcoming AGM of the Company. The NC, with Mr Lim Siang Kai abstaining from the deliberations, had recommended Mr Lim Siang Kai for re-election at the forthcoming AGM of the Company. Upon his re-election as a Director of the Company, Mr Lim Siang Kai will remain as an Independent Non-Executive Director of the Company, the RC Chairman, NC Chairman, RMC Chairman and a member of the AC. Mr Lim Siang Kai is considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1 of the 2018 Code. Provision 4.4

The Independent Non-Executive Directors have confirmed that:

(a) There are no relationships (including business relationships) which they, their immediate family members, or an organisation which they, or their immediate family members, are a substantial shareholder, partner (with 5% or more stake), executive officer or director in, have with the Company or any of its related corporations, and they do not have any direct association with a substantial shareholder of the Company, in the current and immediate past financial year.

(b) They or their immediate family members, or a company that they and/or their immediate family members are a substantial shareholder in, have not provided to or received from the Company or its subsidiaries any significant payments or material services, other than their service as a Director of the Company and Directors' fees received for their service as a Director of the Company.

The Board, having taken into account the views of the NC, considers Mr Cheung King Kwok and Mr Lim Siang Kai to be independent based on the definition of independence as set out in the Catalist Rules and the 2018 Code.

The NC ensures that new directors are aware of their duties and obligations. Although some Directors hold directorships in other listed companies, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors of the Company. 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 listed company directorships and principal commitments of each Director are set out on page 8 of this Annual Report. Provision 4.5

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 listed 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 Independent Non-Executive Chairman and 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. 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 and have the adequate time and attention devoted to discharge their duties.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole and its Board Committees as well as to assess the Independent Non-Executive Chairman and each individual Director for their contribution and their commitment to their role. The formal appraisal process is based on the objective performance criteria and process recommended by the NC and approved by the Board. Provision 5.1

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 complete 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 presented their evaluation and feedback to the Board for discussion on areas of weakness to improve the effectiveness of the Board and Board Committees. No external facilitator had been engaged to assist in the evaluation of the Board's performance for FY2019. Provision 5.2

The Independent Non-Executive Chairman 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 FY2019, and is of the view that the Board and its individual Directors have met their performance objectives.

REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises the following Directors: Provision 6.2

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

The RC is made up of three (3) Non-Executive Directors with the majority of them, including the RC Chairman, being independent. The RC is scheduled to meet at least once a year and had convened a meeting on 26 February 2019. All the members of the RC are Non-Executive Directors so as to minimise the risk of any potential conflict.

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 executive officers. No remuneration consultants were engaged in FY2019. Provision 6.1 Provision 6.4

The RC's main duties include, *inter alia*:

1. to review and recommend to the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for the Executive Director and key executive officers, including those employees related to the Directors 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. devising the remuneration framework and specific remuneration packages for Non-Executive Directors.

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

Corporate Governance Report

The RC considers all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in- kinds, and termination terms, to ensure they are fair. Provision 6.3

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

As part of its review, the RC shall consider:

1. the remuneration packages of the Executive Director and key executive officers are comparable to companies in same or similar industries. If appropriate, a proportion of Executive Director's and key executive officers' remuneration would be structured so as to link rewards to the Group's and the individual's performance. The performance-related elements of remuneration may form a significant proportion of the total remuneration package of the Executive Director and key executive officers so that their interests are aligned with the interests of shareholders, and give the Executive Director and key executive officers keen incentives to perform at the highest levels. The performance related elements of remuneration also take into account the risk policies of the Group, are symmetric with risk outcomes and are sensitive to the time horizon of risks; Provision 7.1

2. the Directors' fees 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 Independent Non-Executive Directors are not over-compensated to the extent that their independence may be compromised; Provision 7.2

3. the level of remuneration is appropriate to attract, retain and motivate the Executive Director to provide good stewardship of the Company and key executive officers to successfully manage the Company for the long term, without such level being more than is necessary for this purpose; and Provision 7.3

4. the remuneration packages of employees related to 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.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Company adopts a formal and transparent procedure for developing a policy for fixing remuneration packages of the Executive Director and key executive officers. No Director is involved in deciding his own remuneration. In fixing 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 Executive Director or key executive officers. Provision 8.1

The Executive Director does not receive Directors' fees. The remuneration policy for Executive Director and key executive officers 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 executive officers under short-term incentive scheme (such as bonus) and long-term incentive scheme (such as the Joyas Share Option Scheme 2018) 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 determined and implemented by the RC. The inclusion of the performance conditions in the service agreements of the Executive Director and key executive are done in a review conducted prior to the renewal of the service agreements of the Executive Director and key executive officers. There was no variable remuneration paid to Executive Director and key executive officers in FY2019. According to the service agreement, the Executive Director is not entitled to any remunerations. Instead, the Executive Director is paid bonuses based on the performance of the Company during the financial year. During FY2019, the Company was not profitable and therefore there will be no bonus paid to the Executive Director for FY2019. The RC has reviewed the performance of the Executive Director and key executive officers for FY2019. The RC is of the view that other than the unsatisfactory performance of executive officer, namely Wang De Zhou, the performances of the Executive Directors and other key executive officer are satisfactory. Accordingly, actions will be taken as soon as possible to terminate the position of Mr. Wang as the Chief Executive Officer and an executive director of HK Silver. The Company will make announcement on his cessation once it is finalised.

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

The service agreement with Executive Director 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 (3) months' notice in writing, or in lieu of notice, payment of an amount equivalent to three (3) months' salary based on the Executive Director's last drawn salary. The RC aims to be fair and reasonable .

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Director and key executive officers 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 performance of its Executive Director and key executive officers, "**clawback**" provisions in the service agreements may not be relevant or appropriate. In addition, the Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

Directors' Remuneration

The remuneration of the Directors consists of their salary, bonus, mandatory provident fund ("**MPF**"), Directors' fees and benefits-in-kind. The details of their remuneration packages are set out below:

Directors	Salary HK$'000	Directors' Fee HK$'000*	Percentage of Variable Remuneration %	Percentage of Fixed Remuneration (including Directors' Fee) %	No. of share Options granted as at 31 December 2019 (Exercise Price#) $'000
Executive Director					
Lau Chor Beng Peter[(1)]	–	–	–	–	–
Non-Executive Directors					
Cheung King Kwok	–	170	–	100	9,500
Ong Chor Wei	–	120	–	100	3,000
Kwok Chin Phang	–	120	–	100	19,000
Lim Siang Kai	–	126	–	100	9,500

(1) According to the service agreement, the Executive Director is not entitled to any remunerations. Instead, the Executive Director is paid bonuses based on the performance of the Company during the financial year. During FY2019, the Company was not profitable and therefore there will be no bonus paid to the Executive Director for FY2019.

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

\# The exercise price of the share options granted to the Non-Executive Directors is set out below:

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

Remuneration of Key Executive Officers

There were only two key executive officers during FY2019. The remuneration of the key executive officers (who are not also Directors) consists of salary. The details of their remuneration packages are set out below.

	Percentage of Variable Remuneration %	Percentage of Fixed Remuneration %
Key Executive Officers Below S$250,000		
Lui Mui Ching	–	100
Wang De Zhou	–	Note

Note:
Due to loss making position HK Silver, the Executive Officer has offered not to receive remuneration.

In aggregate, the remuneration of the key executive officers set out in the table above for FY2019 was approximately HK$60,000.

There were no termination, retirement and post-employment benefits that may be granted to Directors, the Managing Director and the key executive officers in FY2019.

There are no employees who are substantial shareholders of the Company, or are immediate family members of any Director, the Managing Director or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2019. Provision 8.2

Corporate Governance Report

Joyas Share Option Scheme Provision 8.3

The Company had in place a share option scheme (the "**Joyas Share Option Scheme 2007**") which was adopted at a special general meeting of the Company held on 21 December 2007. The duration of the Joyas Share Option Scheme 2007 was 10 years from the date that it was adopted and had accordingly expired and lapsed on 21 December 2017.

Since the commencement of Joyas Share Option Scheme 2007, 41,000,000 share options have been granted by the Company. Participants of the Joyas Share Option Scheme 2007 are set out as follows:

		Aggregate No. of Share Options		
Name of Participant	Share Options Granted from 1 January 2019 to 31 December 2019	Granted since commencement of the Scheme to 31 December 2019	Exercised since commencement of the Scheme to 31 December 2019	Outstanding as at the end of FY2019
Cheung King Kwok	–	9,500,000	–	9,500,000
Ong Chor Wei	–	3,000,000	–	3,000,000
Kwok Chin Phang	–	19,000,000	–	19,000,000
Lim Siang Kai	–	9,500,000	–	9,500,000

Note: 9,000,000 options which were granted in 25 May 2015 will expire in 24 May 2020. 32,000,000 options which were granted in 19 August 2016 will expire in 18 August 2021.

Notwithstanding that the Joyas Share Option Scheme 2007 has expired, the share options granted under the Joyas Share Option Scheme 2007 will continue to be governed under the Rules of the Joyas Share Option Scheme 2007 until such share options expire on the 5th Anniversary from the day such options was granted.

Since the expiration of the above, the Company has adopted a new share option scheme known as the Joyas Share Option Scheme 2018 (the "**Joyas Share Option Scheme 2018**") which was approved by shareholders of the Company on 26 April 2018 and is administered by the RC, which comprise Lim Siang Kai (Chairman), Cheung King Kwok and Ong Chor Wei.

Please refer to our Circular to Shareholders dated 10 April 2018 for more details of the scheme.

There were no share options granted under the Joyas Share Option Scheme 2018 since its adoption.

Save as disclosed above, there were no other forms of remuneration or other payments and benefits paid by the Company and its subsidiaries, to the Directors and the key executive officers (who are not Directors) for FY2019.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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 Company's external auditors highlighted certain operational and business risks that they became aware of during their audit for FY2019, and have communicated and reported such risks to the AC. The AC and the Management have acknowledged and followed up on the Company's external auditors' recommendations and ensured that the risks highlighted are reasonable and manageable in light of all commercial factors. Provision 9.1

The RMC also assists the Board in overseeing the risk management and internal controls of the Company. The RMC is made up of two (2) Non-Executive Directors with all of them, including the RMC Chairman, being independent. The RMC is scheduled to meet at least once (1) a year. No meeting was held during the year as no new loans were granted during the year and the business risk of the Company remains the same. The RMC is regulated by a written set of terms of reference and performs, *inter alia,* overseeing the Company's risk management framework and policies and reviewing the transactions recommended by the credit committee**.**

Currently, the major source of revenue for the Group comprises interests from loans and advances. The Board has determined that the recoverability of such loans and advances as well as the interests from such loans and advances which in aggregate amount to approximately HK$17.5 million is a significant risk which the Company has to take on in order to achieve its strategic objectives and value creation. The Management, the credit committees, the RMC and the Board assesses the recoverability of such loans and advances as well as the interests from such loans and advances regularly. Such assessments include reviewing the financial position of the relevant borrowers. There are also internal control guidelines which the Management has to comply with in assessing the credit to be granted to the relevant borrowers.

The Board considers that the members of the RMC are appropriately qualified to discharge their responsibilities.

In respect of FY2019, the Board has also received assurances ("**Assurance**") from the Managing Director and the Accounting Manager, that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and the Group's risk management systems and internal control systems are adequate and effective. Provision 9.2

The Board, with the assistance of the AC has undertaken an annual assessment to review the Company's business and operation activities in FY2019 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 with in the Company's external auditors' review 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 FY2019. 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. Catalist Rule 719(1)

On 6 June 2019, the Company has appointed Zhonghui Anda Risk Services Limited (the "**Independent Reviewer**") as the Independent Reviewer to review, inter-alia, the internal controls, policies and procedures of the Group surrounding the disposal of 15% of the issued and paid-up share capital of PT Global Linker Indonesia, and the compliance thereof. As at 31 December 2019, the Independent Reviewer has prepared its draft report (the "**Draft Report**") and has submitted to Draft Report to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for review.

As at the date of this Corporate Governance report, the Independent Reviewer is still in the process of finalising the Draft Report. No internal audit work has been carried out in FY2019 as (a) there were no new loans approved in the Group's financing business during FY2019; (b) the nickel ore trading business was dormant in FY2019; (c) there may be additional scope to be addressed by internal audit after taking into account the findings and recommendations from the Independent Reviewer's report upon completion.

In the course of the annual statutory audit of the financial statements, the external auditors also carry out a review of the effectiveness of the Group's internal controls system. The Company works with the external auditors on their recommendations to improve the internal controls system. Catalist Rule 1204(10)

Subject to the findings of the Independent Reviewer, based on the internal controls established and maintained by the Group, works performed by the external auditors and reviews performed by management, various Board Committees and the Board, the Board is of the opinion, with the concurrence of the AC and RMC, that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2019.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC comprises the following Directors: Provision 10.2

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

The AC is made up of three (3) Non-Executive Directors with the majority of them, including the AC Chairman, being independent. The AC is scheduled to meet at least two (2) times a year and had convened two (2) meetings on 27 February 2019 and 13 August 2019. The members of the AC have confirmed that they have recent and relevant accounting or related financial management expertise and experience.

The AC is regulated by a written set of terms of reference and performs, *inter alia*, the following functions: Provision 10.1

1. reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Group's financial performance before their submission to the Board;

2. reviewing and reporting to the Board at least annually the overall adequacy and effectiveness of the Group's material internal controls, including accounting, financial, operational, compliance and information technology controls, and risk management systems;

3. reviewing at least annually the adequacy and effectiveness of the Company's internal audit function where applicable. Please refer to Principal 9 for explanations on no internal audit for FY2019;

4. reviewing the assurances from the Managing Director and the Accounting Manager on the financial records and financial statements;

5. 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;

6. reviewing the co-operation given by the Group's officers to the Company's external auditors;

7. nominating or recommending the nomination of the Company's external auditors and internal auditors for appointment, re-appointment or removal to the Board for consideration;

8. recommending the remuneration and terms of engagement of the Company's external auditors and internal auditors to the Board for consideration;

9. reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;

10. reviewing the independence and objectivity of the Company's external auditors at least annually;

11. reviewing interested person transactions; and

12. reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

Corporate Governance Report

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 Company also 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. The whistle-blowing framework (including the procedures for raising concerns has been clearly communicated to employees. In FY2019, the AC did not receive any whistle-blowing report.

The AC assesses the independence of the Company's external auditors annually. The aggregate amount of fees paid to the Group's external auditors Baker Tilly TFW LLP and H.C. Wong & Co., Hong Kong, for FY2019 was:

	HK$'000
Audit fees	605
Non-audit fees	–
Total fees	605

There were no non-audit fees paid in FY2019.

The AC is satisfied with the independence of the Company's external auditors and had accordingly recommended the re-appointment of Baker Tilly TFW LLP as the Company's external auditor.

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 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.

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. At least two (2) 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 existing external auditing firm or existing external auditing corporation within the last two years and none of the AC members hold any financial interest in the Company's existing external auditing firm or existing external auditing corporation. Provision 10.3

During FY2019, the AC received briefings from the Company's external auditors on key changes to International Financial Reporting Standards and updates from the Company Secretary on the amendments to the Catalist Rules of the SGX-ST. 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.

Please refer to Principle 9 for disclosures relating to Independent Reviewer and internal audit.

For internal audit work relating to FY2020, the Company will appoint a suitable and qualified firm, to carry out a review on (i) policy and guideline for the financing business currently implemented by the Company together with the subsidiaries and to provide possible recommendation for improvement, if any; and (ii) documentation of existing loan portfolio for checking compliance with the prevailing guidelines and to identify non-compliance, if any; and (iii) any follow-up or compliance work arising from the recommendations from the Independent Reviewer's report. Provision 10.4

The to be appointed internal auditors will primarily report to the Audit Committee and administratively to the Managing Director. It will also have unrestricted access to the documents, records, properties and personnel of the Company and of the Group, including access to the AC. The AC will ensure that it is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

The Company has in the past outsourced its internal audit function to an independent external professional accounting firm, David Ho & Company, which has met the Hong Kong Financial Reporting Standards set by the Hong Kong Institute of Certified Public Accountants for the review of internal controls of the Group. For FY2019, no internal audit work was carried out as disclosed under Principle 9.

The internal auditors will report to the AC, which decides on the appointment, termination and remuneration of the internal auditors . The internal audit function has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company. Catalist Rule 719(3)

No internal audit was carried out in FY2019 but based on past experience with the internal audit function, the AC is satisfied that the internal audit function is independent, effective and adequately resourced. Catalist Rule 1204(10c)

The Company's external auditors also have full access to the AC.

For FY2019, the AC met once with the Company's external auditors without the presence of the Management. The AC shall review all non-audit services provided by the Company's external auditors and shall keep the nature and extent of such services under review to balance the maintenance of objectivity and independence. For FY2019, there were no non-audit services performed by the Company's external auditors. The Company confirms that it complies with Rules 712 and 715 of the Catalist Rules of the SGX-ST. The financial statements of CCIG Financial Services Limited, Hong Kong Silver Basic Group Limited and Asia Growth Group Limited (collectively, the "**HK Subsidiaries**") have been audited by Baker Tilly TFW LLP for the purpose of consolidating the financial statements of the Group. In FY2019, the Company engaged H.C. Wong & Co. to perform an audit on its HK Subsidiaries for statutory and tax related purposes. In relation to the HK Subsidiaries, the Company, the AC and the Board are satisfied that the appointment of H.C. Wong & Co. as the Company's external auditors for the HK Subsidiaries would not compromise the objectivity, standard and effectiveness of the audit of the Group. The AC did not meet with the Company's internal auditors without the presence of Management for FY2019 as the Company did not appoint internal auditors for FY2019. Provision 10.5

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

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, quarterly (with effect from Q3 2021 by 14 November 2021) 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 other shareholders 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 AGM of the Company which are despatched at least 15 days before the AGM of the Company. If necessary, a notice of general meeting, together with explanatory notes or a circular, is despatched to all shareholders of the Company on items of special business at least 15 days before the general meeting. Shareholders are encouraged to attend, to participate effectively, to vote in the AGMs and general meetings of the Company, and to stay informed of the Company's strategy and goals in order to ensure a high level of accountability. The management will brief the shareholders the rules governing the general meetings during the general meetings. Provision 11.1

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.

There are separate resolutions at general meetings on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.. Provision 11.2

Insofar as possible, all Directors attend AGMs and general meetings of the Company to address such questions. The Company's external auditors, legal advisors (if necessary), the AC Chairman, the NC Chairman and the RC Chairman are also present to assist the Directors in addressing such questions. Provision 11.3

The Directors' attendance at the general meetings of the Company held in FY2019 are set out in the table below:

Name of Director	Annual General Meeting		Extraordinary General Meeting	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Cheung King Kwok	1	–	N.A	N.A
Ong Chor Wei	1	1	N.A	N.A
Lau Chor Beng	1	–	N.A	N.A
Kwok Chin Phang	1	1	N.A	N.A
Lim Siang Kai	1	1	N.A	N.A

The Company's Bye-Laws allow a member of the Company to appoint one (1) or two (2) proxies to attend and vote instead of the member. The Company's Bye-Laws also allow a shareholder of the Company which is a corporation providing nominee or custodial services to shareholders of the Company, to appoint any number of proxies (to the extent permitted by law) to attend and vote at the same general meeting, notwithstanding that such number exceeds two. Voting *in absentia* and email 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. Provision 11.4

The Company records minutes of all AGMs of the Company and substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and the Management are also recorded. These are available to shareholders upon request. Provision 11.5

The Company has a corporate website at **"www.joyasint.com**". The Company's corporate website is a key source of information for the investment community. It contains a wealth of investor-related information on the Company, including where available its business, contact details, financial results, annual reports, press releases, minutes of the general meetings of shareholders and announcements which the Company release via SGXNET from time to time.

The Company does not have a dividend policy. No dividend pay-out is made for FY2019 as the Company was not profitable for FY2019. The Board would consider establishing a dividend policy at the appropriate time. Provision 11.6

Catalist Rule 704(23)

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Shareholders are also given the opportunity to express their views and ask questions to the Board regarding the Group and its business at AGMs and general meetings of the Company. Provision 12.1

Apart from corporate website, announcements, the Annual Reports and AGMs of the Company, the Company also regularly conveys pertinent information, gathers views or inputs from the shareholders and the media, and addresses shareholders' concerns. In addition, the Company proactively engages shareholders through analyst/media briefings, investor conferences and road shows. At these events, matters pertaining to business strategy, operational and financial performance and business prospects were shared by the senior management team. In disclosing information, the Company strives to be as descriptive, detailed and forthcoming as possible. The Company meets with institutional and retail investors at least once a year at the AGM of the Company.

The Company currently does not have a dedicated investor relations team or an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The investor relations role is currently performed by the Directors who actively engage and promote regular, effective and fair communication with shareholders. The Board would consider establishing an investor relations policy at the appropriate time and the appointment of a professional investor relations officer to manage the investor relations role should the need arise. The shareholders can contact the Company via channels such as (a) email to the Company under the corporate website; (b) writing to the Company and (c) meetings with Directors during the AGM. Provision 12.2 Provision 12.3

MANAGING STAKEHOLDERS RELATIONSHIP

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served. Provision 13.1

The Company has implemented appropriate channels to identify and engage with its material stakeholders. It recognises the importance of having intimate knowledge of its business and regular interactions with its stakeholders to determine material issues for its business. Such arrangements will include maintaining the corporate website, which is kept updated with current information to facilitate communication and engagement with stakeholders.

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, contractors and suppliers, government and regulators, community, and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders such as through the corporate website. The Company will invite the stakeholders to write to corporate website wherein the senior management will address the stakeholders' queries as appropriate.

The Company has a corporate website to keep the stakeholders updated of developments as disclosed under Provision 13.1 above and will be a platform to answer queries from stakeholders through the corporate website. In FY2020, the Company has maintained the Company's website to keep the stakeholders updated of developments as disclosed under Provision 12.1 above and was available to answer queries from stakeholders through the corporate website. Provision 13.2 Provision 13.3

DEALINGS IN SECURITIES

In compliance with Rule 1204(19) of the Catalist Rules of the SGX-ST, 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 (1) month before the announcement of the Company's half-year and full-year result and 2 weeks before the announcement of the Company's quarterly results (with effect from Q3 2021) 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 executive officers 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 (2) business days of the transaction(s). At all times, the Directors and all officers are aware that it is an offence to deal in the Company's securities 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 in securities 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 ensures that the Directors and all officers are aware that they are subject to requirements set out in the various applicable laws. Each Director and 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 or loans entered into by the Company or any of its subsidiaries involving the interests of any Director, the Managing Director or controlling shareholders of the Company, either still subsisting at the end of FY2019 or if not subsisting, were entered into during FY2019.

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 and RMC.

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 and RMC.

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transaction with interested persons within the definition of Chapter 9 of the Catalist Rules of the SGX-ST 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 of the Catalist Rules of the SGX-ST.

There were no IPTs with value of S$100,000 and more entered into during FY2019.

NON-SPONSORSHIP FEES

The total amount of non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd for FY2019 was S$25,000.

Sustainability Report

for the Financial Year ended 31 December 2019

This Sustainability Report describes the Group's sustainability performance for the period from 1 January 2019 to 31 December 2019 ("FY2019"). The report focuses on environmental, social and governance ("ESG") factors, and has been prepared in accordance with Rule 711B and Practice Note 7F: Sustainability Reporting Guide as specified in the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), and reference has been made to the internationally recognised Global Reporting Initiative (GRI) Standards which represent the global best practice for reporting on a range of economic, environmental and social impact. We referenced the GRI Standard with the understanding of looking at how the business of the Group impacts not just investors, but also the environment, employees, local communities and other stakeholders.

The following sections discuss the material ESG factors we have identified through discussions conducted with key management personnel, which have been reviewed and validated by the Directors. Our Group's business comprises financial services and nickel ore trading which are based in Singapore and Hong Kong. Since FY2017, our nickel ore trading business has been dormant. During FY2019, we were principally engaged in the provision of financial services. As such, this Sustainability Report is prepared based on the material ESG factors relating to our financing business.

Sustainability Focus Area:	Material Factor:
Environmental	Energy Consumption
Social Responsibility	Talent Retention; Training & Education
Governance	Anti Corruption; Whistle-blowing; Product and Responsibility Service

1. Environmental

a. Energy Consumption

As we are principally engaged in the provision of financial services, our business is office-based, electricity consumption serves as a main source of energy usage in our office. In FY2019, our electricity consumption was 30KWh/m2 of our total occupied area, meeting our target set of maintaining the electricity intensity of 34KWh/m2 of our total occupied area. Moving forward, we target to maintain the current energy intensity for the financial year ended 31 December 2020 ("FY2020").

We also encourage our employees to travel by public transport as often as practicable, in order to reduce contribution to carbon emissions.

b. Going Green in the Office

We strive to create a sustainable and environmentally-friendly office. Running an environmentally-friendly business allows us to reduce negative impacts on the environment. It also benefits our Company through cost-cutting when materials are being re-used, and as a whole, providing a better workplace for our employees. Green policies implemented in our office include, among others:

- adopting a paperless policy in the day-to-day operations of the business by using e-mail to communicate, recycling used paper and by printing on both sides of a sheet of paper. As a result of our paperless office policy and in particular, our strict policy on printing only when necessary, we do not consume a significant amount of office paper, and accordingly, the amount of greenhouse gases generated for the manufacture and the disposal of paper is minimised; We have set a target for reduction in paper consumption improvement by 10% for FY2020. For FY2019, our paper consumption reduced by approximately 5% from 90 rims of papers in FY2018 to 86 rims of papers in FY2019.
- turning-off electrical appliances and lighting when not in use after office hours;
- reducing waste generated by re-using, recycling and replacing materials;
- using energy-efficient and energy-saving electrical appliances; and
- using LED lights to save electricity on lighting.

Generally, we only dispose materials that we are unable to re-use and the disposal is handled properly by our property management providers. Any compulsory separation of waste would be done before disposal. Materials that are recyclable, such as used printer cartridges, carton boxes, and old newspapers are separated and collected by appropriate parties respectively for recycling. We strive to maintain the aforementioned green policies in the future and will seek improvements, whenever practicable.

Our strategy in the short term is to maintain our electricity consumption and to reduce our paper consumption record in the coming years, and monitor the effectiveness of the various environmentally-friendly measures implemented by our Group. In the long term, we would maintain our lean business model so that resource consumption can be minimised at the source, and to explore other management models, innovations and technological advancements so that we could further minimise the resource consumption, whenever practicable.

2. Social Responsibility

a. Talent Retention

Our people play a crucial role in the growth of our business. The retention of a diligence workforce creates a positive work environment, and strengthens employees' commitment to the organisation.

In FY2019, our employee turnover was 0%, meeting our target set in FY2018 for zero employee turnover. We target to maintain zero employee turnover for FY2020.

b. Training & Education

In a dynamic business environment, we recognise the need to continuously upgrade our employees' skills in order to equip them with the tools necessary for growth. Employees' training and development remain our key priorities. Our employees are encouraged to join continuing professional development ("**CPD**") programs conducted by external parties in order to improve job performance and enhance career development. We understand the need of our employees to attend such programs, and we have adjusted their workloads to enable them to attend such programs, whenever appropriate and practicable. As a means for our employees to continually develop and to improve their expertise, we endeavour to arrange at least five (5) CPD training hours per employee for employees every year. So far, we have achieved the targeted goal through organising various training courses for our employees in FY2019, meeting our target set in FY2018 of the minimal five (5) CPD training hours per employee. We strive to maintain the minimum five (5) CPD training hours per employee for our employees for FY2020.

c. Employee Welfare

We are believers of work-life balance. We adopt an annual leave policy with entitlement based on the length of service of each employee. Every employee also enjoys a minimum of 21 days paid annual leave. We also encourage employees to work from home when there are circumstances which warrant them to stay home.

d. Labour Standards

We comply with all relevant employment laws in all countries that we operate in, and in particular, Singapore and Hong Kong. We carry out detailed pre-employment background checks procedures and verifications on identity documents on every candidate. For FY2019, there is no incident of non-compliance with labour standards, in line with the target set in FY2018. We target to maintain this performance in FY2020.

3. Governance

a. Anti-Corruption

We take great care to comply with anti-corruption and money-laundering laws and guidelines. As we are in the financing business, we are fully aware of the risks that we face in combating corruption and money-laundering. Our compliance officer regularly briefs all our employees on all relevant laws and best-practices on these issues so that we stay updated on such matters.

For FY2019, there were no fines or non-monetary sanctions for non-compliance with laws and regulations, in line with the target set in FY2018. There have also been no reported incidents of corruption during the reporting period. It is the Group's goal to maintain zero incidents of corruption for FY2020 and in the years following.

b. Whistle-blowing Policy

The Company also 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 FY2019, the AC did not receive any whistle-blowing report.

c. Product and Service Responsibility

As a financial services provider, we are aware of the intricacies of our services and products. We endeavour to provide thorough explanations on our services and products when engaging our clients to minimise the chances for possible misunderstandings and/or misinterpretations, and to comply with all relevant laws and regulations.

Occasionally, some misunderstandings and/or misinterpretations may still arise as our clients may have different assumptions or expectations that we could not anticipate. In such circumstances, we will assure our clients that their concern is understood by our employees and we would try our best to address the problems raised. Our reputation is one of our most valuable assets, and any misunderstanding and/or misinterpretations between us and our clients may potentially damage our reputation and may increase the regulatory risk we face; avoiding any misunderstanding and/or miscommunication in the communication between us and our clients is therefore one of the top priorities of our operations.

In addition, our effort and emphasis in communication with clients distinguishes us from our competitors in that our clients are able to rely on our services and products with assurance. This gives us an edge as we envision that the regulatory framework may impose more stringent requirements on our businesses, particularly on transparency. We are confident that we will be prepared for such requirements, and we continue to evolve to stay ahead of our competitors.

d. Protection of Intellectual Property Rights

We respect Intellectual Property ("**IP**") rights owned by other parties, organizations and/or individuals. In particular, only licensed software is used on our Company's computers. We also pay attention not to breach any IP rights when preparing marketing materials and reports; for example, before utilising materials prepared by a third-party in our services and products, we would first obtain the third-party's permission and/or consent. In the unlikely event that there is any breach in IP rights, the relevant materials would be removed immediately.

e. Data Protection and Privacy

Data protection and privacy are crucial to our business. As a financial services provider, we do collect sensitive personal and/or corporate information, but we do so only insofar as it is necessary for us to create value for our clients. Further, all personal and/or corporate information are used exclusively for the business commissioned by our clients and would not be used for any other purposes unless explicit prior consent is obtained from our clients.

We take utmost care in protecting the information and data we collect from our clients; in fact, our business nature dictates that we treat all the proprietary information used during our daily operations with strict confidence. Our computer system is maintained by reputable Information Technology contractors, and access to information and data is restricted to personnel handling the relevant project at the relevant time. An emergency plan for handling possible information and data leak is also in place and is reviewed from time to time.

4. Board Statement

Our Board considers sustainability issues to be an integral part of our strategic formulation. In the preparation of this Sustainability Report, our Board has reviewed and considered amongst others, the material ESG factors discussed in this Sustainability Report, and has overseen the management in monitoring these material ESG factors.

We hope that the information disclosed in this Sustainability Report, read together with the information in other sections of the Annual Report, will provide the reader with a holistic view of the operations of our Group. We will strive to maintain the standards of the various ESG factors reported and improve them, in accordance with the business activities of the Group, from time to time.

Shareholding Statistics

As at 20 March 2020

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 20 March 2020, 24.89% 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	6	0.66	112	0.00
100 – 1,000	152	16.74	147,253	0.01
1,001 – 10,000	258	28.41	1,323,900	0.07
10,001 – 1,000,000	416	45.82	92,094,996	4.81
1,000,001 AND ABOVE	76	8.37	1,820,210,712	95.11
TOTAL	**908**	**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	CHUANG FU-YUAN	48,469,000	2.53
4	RAFFLES NOMINEES (PTE.) LIMITED	30,219,400	1.58
5	KWOK CHIN PHANG	28,797,000	1.50
6	PHILLIP SECURITIES PTE LTD	23,330,500	1.22
7	LIM MUI CHOO	20,000,000	1.05
8	TAN LYE SENG	17,001,800	0.89
9	LIM KIAN HONG (LIN JIAN HONG)	15,500,000	0.81
10	LOO BEE KENG	13,361,600	0.70
11	SEAH KHOON POH	10,650,300	0.56
12	CITIBANK NOMINEES SINGAPORE PTE LTD	9,638,000	0.50
13	FRANCIS LEE FOOK WAH	9,597,346	0.50
14	OCBC SECURITIES PRIVATE LIMITED	9,220,000	0.48
15	KOH YEW CHOO	9,152,000	0.48
16	DBS NOMINEES (PRIVATE) LIMITED	8,999,100	0.47
17	SHEN FUYU	8,400,000	0.44
18	LIN LIXIN	8,180,000	0.43
19	NG NGEE HUNG	7,919,500	0.41
20	NG BAN GUAN (HUANG WANYUAN)	6,000,100	0.31
	TOTAL	**1,687,387,112**	**88.17**

Shareholding Statistics

As at 20 March 2020

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)	5,600,000	0.29	560,000,000	29.26
Yung Fung Ping (7)	–	–	560,000,000	29.26
Kwok Chin Phang (8)	28,797,000	1.5	–	–

Notes:-

(1) The shareholders of Joyas Investments Group Limted 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	3.50
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 of the Company held by Joyas Investments Group Limited.

(2) Lau Chor Beng, Peter is the Executive Director and Managing Director of the Company. He has relinquish his role as the Chairman of the Board on 23 March 2018.

(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 Non-Executive Deputy Chairman 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 or other Directors of the Company.

(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 owns 5,600,000 shares held by his nominee, Bank of Montreal (Hong Kong Branch).

(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.

J O Y A S
INTERNATIONAL HOLDINGS LTD.

(a company incorporated in Bermuda with limited liability)