JOYAS INTERNATIONAL HOLDINGS LTD.

(a company incorporated in Bermuda with limited liability)

Annual Report 2017

JOYAS
INTERNATIONAL HOLDINGS LTD.

CONTENTS

This annual report has been prepared by Joyas International Holdings Limited (the "**Company**") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report.

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

The contact person for the Sponsor is Ms Tan Pei Woon, Senior Manager, 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	:	Appleby Services (Bermuda) Ltd. Canon's Court, 22 Victoria Street Hamilton HM12, Bermuda
AUDIT COMMITTEE	:	Cheung King Kwok (Chairman) Ong Chor Wei Lim Siang Kai
NOMINATING COMMITTEE	:	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	:	Canon's Court, 22 Victoria Street Hamilton HM12, Bermuda
PRINCIPAL PLACE OF BUSINESS	:	Unit E, 12th Floor Kwai Shing Industrial Building, Phase 2 Nos. 42-46 Tai Lin Pai Road Kwai Chung, New Territories, Hong Kong Tel: (852) 2742 7667 Fax: (852) 2742 7666
COMPANY REGISTRATION NUMBER	:	38991
SINGAPORE SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
BERMUDA PRINCIPAL REGISTRAR AND TRANSFER AGENT	:	Appleby Management (Bermuda) Ltd. Canon's Court, 22 Victoria Street Hamilton HM12, Bermuda

Corporate Information

JOINT AUDITORS	:	HLB Hodgson Impey Cheng Limited Certified Public Accountants 31/F Gloucester Tower The Landmark 11 Pedder Street, Central Hong Kong Audit Director-in-charge : Mr Davis Yu Chi Fat (since financial year ended 31 December 2016) Foo Kon Tan LLP Public Accountants and Chartered Accountants 24 Raffles Place #07-03 Clifford Centre Singapore 048621 Partner-in-charge : Ms Ang Soh Mui (since financial year ended 31 December 2017)
LEGAL ADVISORS TO THE COMPANY ON HONG KONG LAW	:	Vincent T. K. Cheung, Yap & Co. 11th Floor, Central Building 1-3 Pedder Street, Central Hong Kong
LEGAL ADVISERS TO THE COMPANY ON BERMUDA LAW	:	Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong
PRINCIPAL BANKERS	:	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 2017 ("**FY2017**").

In FY2017, Joyas Int'l and its subsidiaries (together the "**Group**") recorded lower revenue of approximately HK$2.0 million, decreased by approximately HK$79.6 million or 97.6% as compared with the financial year ended 31 December 2016 ("**FY2016**"). As disclosed in the Group's announcement dated 25 May 2017 and the previous year's annual report, due to the loss making position and the expected weak market, the Group had disposed of a subsidiary, Joyas Group Limited and its subsidiaries (together "**JGL Group**") during FY2017. Pursuant to the Sale and Purchase Agreement ("**S&P Agreement**") between the Company and the purchaser of JGL Group (the "**Purchaser**"), the Purchaser shall be entitled to all income and responsible for all expenses of JGL Group on or after 1 January 2017. Accordingly, there were no revenue from the sales of metal gift and jewellery products recorded for FY2017. The drop of revenue was also attributable to absence of sale of nickel ore in FY2017 due to: (i) the Company's supplier in the Philippines is still waiting to get export approvals because of new additional procedures required from the relevant authorities; and (ii) the Group's Indonesia subsidiary, PT Global Linker Indonesia ("**PTGLI**") has received some orders for nickel ore for the domestic market and is in the process of arranging contractors to extract the nickel ore. The decrease in revenue was partly offsetted by an increase in interest income from financing business by approximately HK$1.6 million to approximately HK$2.0 million in FY2017 mainly due to increase in number of loan disbursements.

Due to de-consolidation of JGL Group with effect from 1 January 2017, as compared with FY2016, other income, selling and distribution expenses, administrative expenses, other operating expenses and finance costs in FY2017 had decreased by 59.7%, 100.0%, 54.7%, 91.8% and 24.3%, respectively. The Group recorded a loss before taxation for FY2017 of approximately HK$7.0 million (FY2016: HK$21.4 million).

OUTLOOK

Nickel ore

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

The Group's subsidiary, namely PTGLI has obtained a specific license to sell nickel ore domestically in Indonesia. PTGLI has also received some orders for nickel ore for the domestic market and is in the process of arranging contractors to extract the nickel ore.

During the year of 2016, the Indonesian authorities had announced new procedures and requirements that nickel ore might be exported overseas. The Group is hopeful that if such procedures and requirements can be met, it will provide the Group a new source of revenue by selling nickel ore from Indonesia to overseas. The Group is in the process of understanding and arranging such procedures and requirements. However, no formal announcement by the Indonesian authorities has been made to date.

Financing business

For the year ended 31 December 2017, the Group's financing business has been contributing to the Group's revenue. The Group expects such contribution to remain for the next 6-12 months.

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

Thank you.

Cheung King Kwok
Independent Non-Executive Chairman

3 April 2018

Financial Highlights

	2017 HK$'000	2016 HK$'000
OPERATING RESULTS		
Revenue	**1,981**	81,576
Gross profit	**1,981**	1,553
Loss before taxation	**(7,037)**	(21,397)
Loss after taxation	**(7,194)**	(21,706)
Net loss attributable to the owners of the Company	**(6,595)**	(11,140)
Return on total assets (%)	**(7.69)**	(9.40)
Return on equity (%)	**(15.74)**	(30.73)
EARNINGS PER SHARE (HK CENTS) –		
Basic and diluted	**(0.34)**	(1.10)
FINANCIAL POSITION		
Total assets	**85,808**	118,452
Total bank and other debts	**27,121**	36,333
Shareholders' equity	**41,905**	36,256
Debt to equity ratio (times)	**0.65**	1.00
Cash and cash equivalents	**9,262**	39,262
CASH FLOWS		
Net cash used in operating activities	**(21,704)**	(13,520)
Cash and cash equivalents	**3,846**	13,158

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 distribution and trading business. During the year, the Group's Indonesia subsidiary PT Global Linker Indonesia ("**PTGLI**") had received some orders for nickel ore for the domestic market and is in the process of arranging contractors to extract the nickel ore.

The Group, following the disposal of a subsidiary, Joyas Group Limited ("**JGL**") and subsidiaries held by JGL (collectively "**JGL Group**") ("**Disposal of JGL Group**"), had ceased the design, manufacture and sale of metal gift products and jewellery products during the financial year.

OPERATING RESULTS

Statement of profit or loss and other comprehensive income

Revenue

The Group's revenue decreased by approximately 97.6% from HK$81.6 million in the financial year ended 31 December 2016 ("**FY2016**") to approximately HK$2.0 million in the financial year ended 31 December 2017 ("**FY2017**").

Revenue	**FY2017**		FY2016		Year-on-year
	HK$'000	**%**	HK$'000	%	% change
Metal Gift Products	–	–	38,988	47.8	(100.0)
Jewellery Products	–	–	15,046	18.4	(100.0)
Nickel Ore	–	–	27,206	33.4	(100.0)
Financing Activities	**1,981**	**100.0**	336	0.4	489.6
Total	**1,981**	**100.0**	81,576	100.0	(97.6)

The decrease in revenue was attributable to absence of sale of nickel ore by approximately HK$27.2 million or 100.0% to HK$Nil in FY2017 in the People's Republic of China (including Hong Kong) (the "**PRC (including HK)**") due to: (i) the Company's supplier in the Philippines is still waiting to get export approvals due to new additional procedures required from the relevant authorities; and (ii) the Company's Indonesia subsidiary namely, PTGLI has received some orders for nickel ore for the domestic market and is in the process of arranging contractors to extract the nickel ore.

The decrease in revenue was also attributable to absence of sales of metal gift and jewellery products by approximately total HK$54.0 million or 100.0% to HK$Nil in FY2017 due to the Disposal of JGL Group in FY2017. This is because pursuant to the Sale and Purchase Agreement between the Company and the purchaser of Joyas Group Limited and its subsidiaries, the purchaser shall be entitled to all income and responsible for all expenses of JGL Group on or after 1 January 2017. Please refer to the Company's announcement with respect to the Proposed Disposal of JGL dated 25 May 2017 and Circular dated 12 June 2017.

The decrease in revenue of metal gift and jewellery products and nickel ore was partly offsetted by an increase in interest income from the financing business by approximately HK$1.6 million or 489.6% to approximately HK$2.0 million in FY2017. The increase in interest income was mainly due to increase in number of loan disbursements.

Cost of sales and gross profit

Cost of sales decreased by 100.0% from approximately HK$80.0 million in FY2016 to HK$Nil in FY2017 due to the absence of sales of metal gift and jewellery products and nickel ore during FY2017. There was no cost of sales for the financing business.

The overall gross profit margin increased from 1.9% in FY2016 to 100.0% in FY2017 as there were no cost of sales for the financing business and the overall gross profit increased by approximately HK$428,000 or 27.6% from approximately HK$1.6 million in FY2016 to approximately HK$2.0 million in FY2017.

Other income

Other income decreased by 59.7% from approximately HK$3.4 million in FY2016 to approximately HK$1.4 million in FY2017. The decrease was mainly attributed to: (a) lower fair value gain on warrants as compared with a gain of approximately HK$260,000 in FY2016 to a gain of approximately HK$59,000 in FY2017; (b) absence of foreign exchange gain of approximately HK$2.0 million in FY2016. The Group reported foreign exchange loss of approximately HK$1.9 million under administration expenses in FY2017. The exchange gain / loss arose mainly from appreciation of Singapore dollars ("**SGD**") against Hong Kong dollars ("**HKD**") for translation of currency on exchange of convertible bonds and warrants; and. (c) no other income from sales of scrap materials of metal gift and jewellery products were accounted for FY2017.

The decrease in other income was partly offsetted by a gain from Disposal of JGL Group for approximately HK$1.3 million.

Selling and distribution costs

No selling and distribution expenses was incurred in FY2017 as there were no sales of metal gift and jewellery products and nickel ore.

Financial and Operations Review

Administrative expenses

Administrative expenses decreased by 54.7% from approximately HK$18.6 million in FY2016 to approximately HK$8.4 million in FY2017. The decrease was mainly attributed to: (a) absence of adminstrative expenses of JGL Group by approximately HK$12.7 million following the Disposal of JGL Group; and (b) decrease in share-based payment expense by approximately HK$456,000.

The decrease was partly offsetted by: (a) writing off of intangible asset by HK$600,000 due to uncertain future economic benefit of the intangible asset to the group; (b) increase in auditor's remuneration by approximately HK$153,000 due mainly to under-provision of auditors' remuneration in FY2016; (c) increase in foreign exchange loss of approximately HK$1.9 million arose mainly from appreciation of SGD against HKD for translation of currency on exchange of convertible bonds and warrants; and (d) increase in legal fee by approximately HK$364,000 attributed mainly to increase in legal and advisory work incurred in relation to corporate actions undertaken by the Group.

The Company provided less depreciation for FY2017 due to derecognition of property, plant and equipment held by JGL Group following the Disposal of JGL Group.

Other operating expenses

Other operating expenses decreased by approximately HK$2.5 million or 91.8% from approximately HK$2.7 million in FY2016 to HK$222,000 in FY2017. The decrease was mainly due to: (a) no impairment of goodwill from acquisition of subsidiaries was recorded in FY2017 (FY2016: HK$652,000); (b) decrease in share of loss of an associate of HK$119,000; and (c) absence of other operating expenses from JGL Group by approximately HK$1.7 million in FY2016 following the Disposal of JGL Group. The decrease was offsetted by a bad debt written off of HK$125,000 in FY2017 from nickel operation.

Finance costs

Finance costs decreased by HK$559,000 or 24.3% in FY2017 due mainly to: (a) decrease in bank loans utilised during FY2017; and (b) absence of finance expenses from JGL Group by approximately HK$500,000 in FY2016 following the Disposal of JGL Group.

Loss before taxation

As a result of the above, the Group had recorded a loss before taxation of approximately HK$7.0 million in FY2017 (FY2016: approximately HK$21.4 million).

Taxation

Taxation of approximately HK$156,000 and HK$1,000, respectively was provided for Hong Kong subsidiaries and the Indonesia subsidiary in FY2017 (FY2016: approximately HK$309,000 and HK$Nil, respectively). The provision is mainly due to higher assessable profits for certain subsidiaries in FY2016 and FY2017.

Statement of Financial Position

Non-current assets

Non-current assets decreased by approximately HK$9.1 million from approximately HK$9.2 million as at 31 December 2016 to approximately HK$62,000 as at 31 December 2017. The decrease was mainly due to derecognition of property, plant and equipment by approximately HK$8.5 million following the Disposal of JGL Group and the write-off of intangible asset of HK$600,000.

Current assets

Current assets decreased by approximately HK$23.5 million from approximately HK$109.2 million as at 31 December 2016 to approximately HK$85.7 million as at 31 December 2017. The decrease was mainly due to: (a) derecognition of current assets by approximately HK$30.0 million following the Disposal of JGL Group; and (b) repayment of pledged bank deposits of approximately HK$20.7 million.

Such decrease was partially offsetted by: (a) increase in other receivable of HK$12.0 million, being the current portion of the outstanding proceeds for the Disposal of JGL Group ("**Outstanding Proceeds**"). As a security for Outstanding Proceeds, the purchaser of the JGL Group has charged the shares of Joyas Group Limited in favour of the Company until the Outstanding Proceeds has been satisfied in full; and (b) increase in loan and advances of approximately HK$12.8 million in financing activities. The deposits to supplier of approximately HK$24.4 million paid in FY2015 remains outstanding due to delay in obtaining export approvals. The Group is in the process of working with the supplier on the recovery of the deposits which includes possible sale of certain mining concessions held by the owner of the supplier. The deposit are secured by a personal guarantee from the Group's joint venture partner, personal guarantees from minority shareholders of Hong Kong Silver Basic Group Limited, a subsidiary of the Group and also a share pledge in a mining company in Indonesia, which owns concessions in the mining of nickel ore in Indonesia.

Current liabilities

Current liabilities decreased by approximately HK$39.8 million from approximately HK$62.1 million as at 31 December 2016 to approximately HK$22.3 million as at 31 December 2017. The decrease was mainly due to: (a) decrease in trade and other payables of approximately HK$35.5 million due to derecognition of current liabilities following the Disposal of JGL Group; and (b) net decrease in bank and other borrowings of approximately HK$6.5 million due to repayment of bank loans.

Non-Current liabilities

Non-current liabilities were approximately HK$21.6 million as at 31 December 2017 (31 December 2016: approximately HK$20.1 million). The slight increase was mainly due to the increase in unrealised exchange loss of approximately HK$1.3 million for convertible bonds and warrants.

Financial and Operations Review

Liquidity and cash flow

During FY2017, the Group's net cash used in operating activities was approximately HK$21.7 million. This was mainly attributed to loss before working capital changes of approximately HK$4.2 million, increase in trade and other receivables of approximately HK$4.1 million, increase in loan and advances of approximately HK$12.8 million, and increase in trade and other payables of approximately HK$549,000.

During FY2017, the Group's net cash used in investing activities was approximately HK$2.9 million. This was mainly attributed to net cash outflow arising from Disposal of JGL Group of approximately HK$2.9 million.

During FY2017, the Group's net cash generated from financing activities was approximately HK$15.3 million. This was mainly attributed to the decrease in pledged bank deposits of approximately HK$20.7 million. During FY2017, the Group had raised funds from bank and other borrowings of approximately HK$4.3 million. Repayment of bank and other borrowings amounted to approximately HK$10.8 million. The Group also paid interest on convertible bonds of approximately HK$1.4 million.

As a result of the above, the Group's net decrease in cash and cash equivalents was approximately HK$9.3 million (FY2016: approximately HK$868,000).

As at 31 December 2017, the Group had cash and bank balances of approximately HK$3.8 million (31 December 2016: approximately HK$13.2 million), and unutilised banking facilities of approximately HK$1.1 million (31 December 2016: approximately HK$25.5 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 in June 2017. 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 in the SEHK) as its chief financial officer of one of its division where he was in charge of financial and treasury management. From 1992 to 1997, Mr Cheung was the Finance Director of Grande, in charge of financial and treasury management, mergers and acquisitions. From 1997 to 2001, Mr Cheung was the executive director of Grande where he was responsible for management, strategic planning and corporate restructuring. He was also appointed directors of various listed subsidiaries of Grande, including Lafe International Holdings Limited (now known as Lafe Corporation Limited) (a company listed on the SGX-ST). From 1984 to 1990, Mr Cheung was an audit manager and senior audit manager of Coopers and Lybrand where he carried out audit, investigations and due diligence reviews. Mr Cheung obtained a Bachelor of Commerce (Honours) from the University of Manitoba, Canada. He is a member of the Institute of Singapore Chartered Accountants and the Hong Kong Institute of Certified Public Accountants.

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 in June 2017. He relinquish 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 and he leads the Group's dedicated design and development team. 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.

Kwok Chin Phang, Non-Executive Director, was appointed to the Board on 13 May 2011. Mr Kwok was last re-elected to the Board in April 2015. Mr Kwok is currently an executive director of Net Pacific Financial Holdings Limited (a company listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Mr Kwok is also a non-executive director of Zibao Metals Recycling Holdings Plc (a company trading on AIM, a market operated by the London Stock Exchange Plc). Mr Kwok was under the employment of Nomura Singapore Limited from May 1994 to June 2009 and has more than 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.

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

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 in April 2016. Mr Ong is currently 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) and an executive director of Net Pacific Financial Holdings Limited (a company listed on the SGX-ST). Mr. Ong is also an independent non-executive director of Nameson Holdings Limited (Stock Code: 1982), Man Wah Holdings Limited (Stock Code: 1999), O-Net Technologies (Group) Limited (Stock Code: 877), 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 and Vico International Holdings Limited respectively, all of which are listed on SEHK. Previously, Mr Ong was a nonexecutive director of Hong Wei (Asia) Holdings Company Limited (Stock Code: 8191) (a company listed on the Growth Enterprise Market of the SEHK) from 2013 to 2016. Mr Ong was also the non-executive director of Jets Technics International Holdings Limited (a company listed on the SGX-ST) from 2004 to 2013. Mr Ong has over 27 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 in April 2016. Prior to joining the Board, Mr Lim held various positions in banks, financial services companies and a fund management company and has over 34 years of experience in the securities, private and investment banking and fund management industries. Mr Lim is also the chairman and independent director of ISDN Holdings Limited and an independent director of Beijing Gas Blue Sky Holdings Limited (formerly known as Blue Sky Holdings Limited) and chairman and independent director of Samurai 2K Aerosol Limited, all of which are companies listed in Singapore. He holds a Bachelor of Arts Degree from University of Singapore, a Bachelor of Social Sciences (Honours) Degree from the National University of Singapore and a Master of Arts Degree in Economics from the University of Canterbury, New Zealand.

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

Save that Lau Chor Beng, Peter who is deemed interested in the shares of the Company by virtue of his 59.1% interest in Joyas Investments Group Limited (a substantial shareholder of the Company); Ong Chor Wei is deemed interested in the shares of the Company by virtue of his 50% interest in Uprich Holdings Limited which in turn holds 15.4% interest in Joyas Investments Group Limited; and direct interests and deemed interests in Delton Group Limited and Reach Win Limited (both are substantial shareholders of the Company) respectively, and Kwok Chin Phang is a substantial shareholders of the Company, none of the Directors are related to each other or the substantial shareholders of the Company.

Executive Officers

Lui Mui Ching, Accounting Manager and 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.

None of the Executive Officers are related to each other, the directors and/or 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 audited financial statements for the financial year ended 31 December 2017.

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 Lim Siang Kai and Mr Kwok Chin Phang will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTEREST IN SHARES, DEBENTURES, WARRANTS OR OPTIONS

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

	Number of ordinary shares			
	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
The Company	As at 1.1.2017	**As at 31.12.2017**	As at 1.1.2017	**As at 31.12.2017**
Lau Chor Beng, Peter	–	**–**	842,951,466[(1)]	**842,951,466[(1)]**
Kwok Chin Phang	114,766,000	**114,766,000**	–	**–**
Ong Chor Wei[(2)]	–	**–**	565,600,000[(3)(4)]	**565,600,000[(3)(4)]**
Joyas Investments Group Limited				
(ordinary shares of US$1.00 each)				
Lau Chor Beng, Peter	591[(1)]	**591[(1)]**	–	**–**

	Convertible Bonds registered in the name of director		Convertible Bonds in which director is deemed to have an interest	
The Company	As at 1.1.2017	**As at 31.12.2017**	As at 1.1.2017	**As at 31.12.2017**
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 2017, Joyas Investments Group Limited holds 842,951,466 (2016 - 842,951,466) shares in the Company. The Company's Chairman and Managing Director, Lau Chor Beng, Peter, holds 59.1% of the issued and paid-up share capital in Joyas Investments Group Limited. Accordingly, he is deemed to be interested in the 842,951,466 (2016 - 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) Ong Chor Wei acquired 800,000 shares in the capital of the Company (the "Shares") through his nominee, Royal Bank of Canada (Singapore Branch) on 12 January 2015. On 8 March 2016, the Company announced to undertake a non-renounceable non-underwritten rights issue (the "Rights Issue") on the basis of six (6) rights shares for every one (1) existing ordinary Share held by the shareholders of the Company. Pursuant to the Rights Issue, 4,800,000 Shares were allotted and issued to Ong Chor Wei through his nominee, Royal Bank of Canada (Singapore Branch) on 5 August 2016. After the Rights Issue and as at 31 December 2016, Ong Chor Wei holds 5,600,000 Shares in the capital of the Company through his nominee, Royal Bank of Canada (Singapore Branch).

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

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

Report of the Directors

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

As at 31 December 2017, 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 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 to the Non-Executive Directors, namely Kwok Chin Phang, Lim Siang Kai and Cheung King Kwok of the Company at the exercise price of S$0.0035. The August 2016 Options are exercisable after the first anniversary of the date of grant and before the fifth anniversary of the date of the grant.

Please refer to "Share option scheme" below in this report and the Corporate Governance Report in the Annual Report in relation to the Directors' Remuneration for the number of Options held by the Directors as at 31 December 2017.

Save as disclosed above, there was no change in the above-mentioned interests between 31 December 2017 and 21 January 2018.

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.

SHARE OPTION SCHEME

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

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

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

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

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

Name of participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of Scheme to end of FY2017	Aggregate options exercised since commencement of Scheme to end of FY2017	Aggregate options outstanding as at end of FY2017
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)	Ni	9,500,000	Nil	9,500,000
Cheung King Kwok (Independent Non-Executive Director)	Nil	9,500,000	Nil	9,500,000
Total	Nil	41,000,000	Nil	41,000,000

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 above, no options have been granted since 19 August 2016 to the end of the financial year to the Group's employees. No individual has received 5% or more of the total number of options available under the Scheme. No options were granted at a discount since the commencement of the Scheme on 21 December 2007 to the end of the financial year.

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

SHARE OPTION SCHEME (Cont'd)

There were no unissued shares of subsidiaries under option as at 31 December 2017.

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.

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 Section 201B (5) of the Act, the Catalist Rules and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditor. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the half-yearly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017 as well as the auditor's report thereon;

(iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditor;

(v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the Catalist Rules).

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 and reviews the level of audit and non-audit fees.

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

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 JOINT AUDITORS

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

ON BEHALF OF THE DIRECTORS

....	....
Lau Chor Beng, Peter Director	Ong Chor Wei Director

Dated: 3 April 2018

Statement by the Directors

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

(i) the accompanying statements of financial position of the Group and of the Company and the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group together with the notes thereto, are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2017, and of the Group's financial performance, changes in equity and cash flows for the year then ended; and

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

The board of directors approved and authorised these financial statements for issue on 3 April 2018.

ON BEHALF OF THE DIRECTORS

....
Lau Chor Beng, Peter
Director

....
Ong Chor Wei
Director

Dated: 3 April 2018

Independent Joint Auditors' 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 2017, 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 2016

Our audit report dated 7 June 2017 on the consolidated financial statements for the previous year ended 31 December 2016 contained a disclaimer of opinion on the following matters:

a. Consolidation of controlled entities

b. Control over other entities

c. Inventories

d. Non-trade amounts due to former subsidiaries and opening balances

e. Staff costs

f. Income taxes

g. Valuation of non-financial assets (mainly intangible assets, property, plant and equipment and goodwill) for the jewellery, financing and nickel ore businesses of the Group

h. Purchase price allocation for the acquisition of the jewellery, financing and nickel ore businesses of the Group

i. Deposits paid to a supplier

j. Appropriateness of going concern assumptions of the Group and the Company

k. Related party transactions and balances

Items that have a continuing relevance to the 2017 financial statements are further elaborated below:

(i) Consolidation of controlled entities

In connection with the audit for the year ended 31 December 2016, and in accordance with IFRS 10 Consolidated Financial Statements, the Group re-assessed and determined that it was deemed to have control over certain entities (the "Controlled Entities") in which it had no legal ownership and holds no equity interest, based on various facts and circumstances which remained consistent during the financial years, including years prior to 2016.

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

Had the Controlled Entities been consolidated from the date of control was gained, some elements of the financial statements for the year ended 31 December 2017 could have been materially affected. In view of the matters and limitations on the scope of our work as described in the preceding paragraphs, we were unable to obtain sufficient appropriate audit evidence on the opening balances. Any adjustments to the opening balances might have a consequential effect on the results and cash flows for the year ended 31 December 2017 and the related disclosures thereof in the consolidated financial statements of the Group for the year ended 31 December 2017.

Consequently, the carrying amounts of the affected balances as of 31 December 2016 and 2017 may have to be adjusted accordingly with a corresponding impact to the Group's profit or loss for the financial year ended 31 December 2017 and the accumulated losses and net assets of the Group as at 31 December 2017.

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

Independent Joint Auditors' Report

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

Basis for Disclaimer of Opinion (Cont'd)

(ii) Control over other entities

We were unable to obtain sufficient appropriate audit evidence to assess whether the following entities are controlled by the Group:

(a) Entity A – An entity in which the Company's Chairman cum Managing Director, who is also a major shareholder of the Company, was the beneficial owner of the entire equity interest of Entity A based on the documents made available to us previously.

(b) Entity B – A subsidiary of Entity A, that is a former subsidiary of the Group, which JGL Group has transactions with in the prior years.

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

We were unable to satisfy ourselves by alternative means concerning the appropriate accounting treatment of these entities and the adequacy of the related disclosures, including related party transactions, in the financial statements for FY2016 and FY2017.

The auditors' report of the Group for the financial year ended 31 December 2016 included a similar basis for disclaimer on this matter.

(iii) Inventories

Stated on the face of the financial statement as at 31 December 2016 are inventories of HK$5,526,000. The Group writes down value of inventories using a general provision based on the ageing profiles of the inventories. IAS 2 Inventories requires inventories to be measured at the lower of cost and net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. We were unable to satisfy ourselves by alternative means concerning the write-down in value of inventories for the year ended 31 December 2016, and the carrying amount of inventories as at 31 December 2016.

(iv) Non-trade amounts due to former subsidiaries

Stated on the face of the financial statements as at 31 December 2016 are non-trade amounts due to former subsidiaries of HK$21,126,000. We were not able to carry out procedures on the non-trade amounts due to the former subsidiaries as at 31 December 2016 because documentation supporting the transactions were not fully available. We were unable to satisfy ourselves by alternative means concerning the validity, existence and accuracy of these non-trade amounts due to former subsidiaries.

(v) Valuation of intangible asset

As disclosed in Note 3(b) to the financial statements, intangible assets amounting to HK$600,000 were written off to profit or loss for the financial year ended 31 December 2017. We were unable to obtain sufficient documentary evidence and satisfactory explanation from management, including reasonable bases and assumptions supporting to assess whether the assets written-off were necessary. Consequently, we were unable to satisfy ourselves by alternative means concerning the assets written-off for the year ended 31 December 2017. In the absence of information to be provided by management, we were unable to ascertain the adequacy of the related disclosures in the financial statements.

The auditors' report of the Group for the financial year ended 31 December 2016 included a disclaimer on the non-amortisation of the intangible assets.

(vi) Valuation of property, plant and equipment

As at 31 December 2016, the carrying amounts of property, plant and equipment attributable to the Metal Gift Products Cash-Generating Unit ("CGU") and Jewellery Products CGU were HK$8,521,000 and HK$4,100, respectively. Management did not estimate the recoverable amounts of property, plant and equipment of these CGUs as at 31 December 2015 and 31 December 2016 for which impairment indications had been identified. There were no alternative audit procedures that we could perform to satisfy ourselves as to the carrying amount of property, plant and equipment as at 31 December 2016.

(vii) Purchase price allocation and impairment of goodwill for financing and nickel ore businesses

Management did not perform a purchase price allocation for the business acquisitions in 2016. Goodwill was measured as the excess of purchase prices over the carrying book value of net assets acquired, which constitutes a departure from the requirements of IFRS 3 Business Combinations. There were no alternative audit procedures that we could perform to satisfy ourselves as to the fair value of assets acquired and liabilities assumed, appropriateness of non-recognition of any intangible assets, the resultant goodwill recognised, capital contribution reserves and non-controlling interests at the acquisition dates.

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

We did not provide an opinion on the financial statements of the Group for the financial year ended 31 December 2016. Had these matters been satisfactorily resolved in the current year, necessary adjustments to opening balances at 1 January 2017 would have consequential effects on the current year's profit or loss and other elements of the financial statements.

Basis for Disclaimer of Opinion (Cont'd)

(viii) Deposits paid to a supplier

Included in trade and other receivables of the consolidated statement of financial position as at 31 December 2017 and 31 December 2016 are deposits of HK$24,377,000 paid to a supplier which is a related party by virtue of a director and shareholder of the supplier being a key management personnel of the Group. We were unable to obtain sufficient appropriate audit evidence on the utilisation of the deposits paid to the supplier. Consequently, we were unable to satisfy ourselves as to the appropriateness of the carrying amount of the deposits paid to the supplier as at 31 December 2017 and 2016.

The auditors' report of the Group for the financial year ended 31 December 2016 included a similar basis for disclaimer on this matter.

(ix) Going concern

We draw attention to Note 2(a) to the financial statements. The Group incurred net losses and net operating cash outflows of HK$7,194,000 (2016 – HK$21,706,000) and HK$21,704,000 (2016 - HK$13,520,000), respectively, for the financial year ended 31 December 2017. The cash balance as at 31 December 2017 is HK$9,262,000 for the Group and HK$731,000 for the Company.

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 and the Company from its operations in future.

We were unable to assess the reliability of management's cash flows projections nor assess the feasibility of their plans for future actions in relation to their going concern assessment 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 auditors' report of the Group for the financial year ended 31 December 2016 included a similar basis for disclaimer on this matter.

(x) Related party transactions and balances

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness of related parties and transactions and balances with related parties. We were unable to obtain satisfactory explanation from management on the background and commercial justification of certain related party transactions. Consequently, we were unable to establish whether related party relationships and transactions have been appropriately identified, accounted for and disclosed in the financial statements for the financial year ended 31 December 2017 and the comparative information for the year ended 31 December 2016.

The auditors' report of the Group for the financial year ended 31 December 2016 included a similar basis for disclaimer on this matter.

(xi) Disposal of subsidiaries of JGL Group

As disclosed in Note 5 to the financial statements, the Group disposed of the 100% equity interest of Joyas Group Limited ("JGL") and its subsidiaries ("JGL Group") to an individual purchaser in June 2017. However, the Group has de-consolidated the JGL Group with effect from 1 January 2017 in accordance with the terms of the agreement and recognised a gain on disposal of HK$1,265,000 in the consolidated statement of comprehensive income for the financial year ended 31 December 2017.

In addition, certain directors of JGL Group's subsidiaries remained the same as at 31 December 2016 and after JGL had been disposed in 2017. We have not been provided with adequate supporting information to ascertain if the control over JGL Group was lost on 1 January 2017 or if control was lost.

The gain on disposal of the subsidiaries was computed based on the unaudited financial statements of the JGK Group up to the date of disposal and management was unable to provide any proper evidence to support the accuracy of the carrying amounts of JGL Group to be de-consolidated as well as the gain on disposal of subsidiaries.

Included in trade and other receivables of the Company and the Group is an amount of HK$12,000,000 relating to the sales consideration receivable from the disposal of JGL. We are unable to determine if the gross carrying amount of the receivable is appropriately stated due to insufficient appropriate evidence of the fair value of sales consideration receivable. We are also unable to determine if impairment on this receivable is required as management has not performed an impairment assessment in accordance with IAS 39 Financial Instrument: Recognition and Measurement.

We are not able to give an opinion on the current year's financial statements because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures.

(xii) Unaudited financial information of component

We were unable to obtain audit evidence about the financial information of a subsidiary that represents over 17% of the Group's net assets. The possible effects of this inability to obtain sufficient appropriate audit evidence are deemed to be both material and pervasive to the consolidated financial statements.

Independent Joint Auditors' 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 and fair presentation of the financial statements 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 and the Company'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 the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the consolidated financial statements in accordance with International 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 ethical requirements that are relevant to our audit of the financial statements in Singapore and Hong Kong, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

Dated: 3 April 2018

Consolidated Statement of Financial Position

as at 31 December 2017

		The Group	
		31 December 2017	31 December 2016
	Note	**HK$'000**	HK$'000
Assets			
Non-current Assets			
Intangible assets	3	**–**	600
Property, plant and equipment	4	**62**	8,616
		62	9,216
Current Assets			
Inventories	6	**–**	7,044
Trade and other receivables	7	**76,484**	62,930
Cash and cash equivalents	8	**9,262**	39,262
		85,746	109,236
Total assets		**85,808**	118,452
Equity			
Capital and Reserves			
Share capital	9	**19,139**	19,139
Accumulated losses		**(91,021)**	(84,426)
Other reserves	10	**111,546**	111,035
Attributable to owners of the Company		**39,664**	45,748
Non-controlling interests	5	**2,241**	(9,492)
Total equity		**41,905**	36,256
Liabilities			
Non-Current Liabilities			
Convertible bonds	11	**21,569**	20,062
Warrants	12	**10**	69
		21,579	20,131
Current Liabilities			
Trade and other payables	13	**16,615**	45,767
Borrowings	14	**5,552**	16,271
Current tax liabilities		**157**	27
		22,324	62,065
Total liabilities		**43,903**	82,196
Total equity and liabilities		**85,808**	118,452

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Financial Position

as at 31 December 2017

		The Company	
		31 December 2017	31 December 2016
	Note	**HK$'000**	HK$'000
Assets			
Non-current Assets			
Subsidiaries	5	**8**	8
Current Assets			
Trade and other receivables	7	**59,103**	49,943
Cash and bank balances	8	**731**	1,527
		59,834	51,470
Total assets		**59,842**	51,478
Equity			
Capital and Reserves			
Share capital	9	**19,139**	19,139
Accumulated losses		**(110,716)**	(117,181)
Other reserves	10	**129,317**	128,861
Total equity		**37,740**	30,819
Liabilities			
Non-Current Liabilities			
Convertible bonds	11	**21,569**	20,062
Warrants	12	**10**	69
		21,579	20,131
Current Liabilities			
Trade and other payables	13	**523**	528
		523	528
Total liabilities		**22,102**	20,659
Total equity and liabilities		**59,842**	51,478

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 31 December 2017

	Note	**Year ended 31 December 2017 HK$'000**	Year ended 31 December 2016 HK$'000
Revenue	15	**1,981**	81,576
Cost of sales		**–**	(80,023)
Gross profit		**1,981**	1,553
Other income	16	**1,384**	3,432
Selling and distribution expenses		**–**	(2,719)
Administrative expenses		**(8,439)**	(18,641)
Other operating expenses		**(222)**	(2,722)
Finance costs	17	**(1,741)**	(2,300)
Loss before taxation	18	**(7,037)**	(21,397)
Taxation	19	**(157)**	(309)
Loss for the year		**(7,194)**	(21,706)
Other comprehensive income after tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(33)**	(96)
Other comprehensive loss for the year, net of tax of nil		**(33)**	(96)
Total comprehensive loss for the year		**(7,227)**	(21,802)
Loss attributable to:			
Owners of the Company		**(6,595)**	(11,140)
Non-controlling interests		**(599)**	(10,566)
		(7,194)	(21,706)
Total comprehensive loss attributable to:			
Owners of the Company		**(6,594)**	(11,236)
Non-controlling interests		**(633)**	(10,566)
		(7,227)	(21,802)
		HKcents	HKcents
Loss per share			
- Basic and diluted	21	**(0.34)**	(1.10)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2017

	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 2016	4,048	37,053	52,677	1,041	1,700	–	(73,286)	23,233	172	23,405
Loss for the year	–	–	–	–	–	–	(11,140)	(11,140)	(10,566)	(21,706)
Other comprehensive income:										
- Foreign currency translation differences	–	–	–	–	–	(96)	–	(96)	–	(96)
Total comprehensive income for the year	–	–	–	–	–	(96)	(11,140)	(11,236)	(10,566)	(21,802)
Contributions by and distributions to owners										
- Issue of shares upon rights issue	15,089	15,536	–	–	–	–	–	30,625	–	30,625
- Issue of shares upon exercise of warrants (Note 9)	2	53	–	–	–	–	–	55	–	55
- Acquisition of a subsidiary	–	–	–	–	–	–	–	–	1,202	1,202
- Equity-settled share-based payment transactions	–	–	–	981	–	–	–	981	–	981
- Capital contribution by non-controlling interest in a subsidiary	–	–	–	–	3,552	–	–	3,552	1,545	5,097
- Dividends to non-controlling interests	–	–	–	–	–	–	–	–	(1,845)	(1,845)
- Share issue expenses	–	(1,462)	–	–	–	–	–	(1,462)	–	(1,462)
Total transactions with owners, recognised directly in equity	15,091	14,127	–	981	3,552	–	–	33,751	902	34,653
At 31 December 2016	19,139	51,180	52,677	2,022	5,252	(96)	(84,426)	45,748	(9,492)	36,256
At 1 January 2017	**19,139**	**51,180**	**52,677**	**2,022**	**5,252**	**(96)**	**(84,426)**	**45,748**	**(9,492)**	**36,256**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(6,595)**	**(6,595)**	**(599)**	**(7,194)**
Other comprehensive income:										
- Foreign currency translationdifferences	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**	**(34)**	**(33)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**1**	**(6,595)**	**(6,594)**	**(633)**	**(7,227)**
Contributions by and distributions to owners										
- Disposal of subsidiaries	**–**	**–**	**–**	**–**	**54**	**–**	**–**	**54**	**10,611**	**10,665**
- Equity-settled share-based payment transactions	**–**	**–**	**–**	**456**	**–**	**–**	**–**	**456**	**–**	**456**
- Capital contribution by non-controlling interest in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,755**	**1,755**
Total transactions with owners, recognised directly in equity	**–**	**–**	–	**456**	**54**	**–**	**–**	**510**	**12,366**	**12,876**
At 31 December 2017	**19,139**	**51,180**	**52,677**	**2,478**	**5,306**	**(95)**	**(91,021)**	**39,664**	**2,241**	**41,905**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2017

	Note	Year ended 31 December 2017 HK$'000	Year ended 31 December 2016 HK$'000
Cash Flows from Operating Activities			
Loss before taxation		**(7,037)**	(21,397)
Adjustments for:			
Depreciation of property, plant and equipment	4	**28**	1,295
Gain on disposal of subsidiaries	5	**(1,265)**	–
Fair value gain on warrants	12	**(59)**	(260)
Fair value loss on derivative component of convertible bonds	11	**96**	196
Impairment of goodwill	3	**–**	652
Interest expense	17	**1,741**	2,300
Interest income	16	**(60)**	(19)
Share-based payment expense	20	**456**	981
Unrealised exchange loss/(gain)		**1,311**	(2,028)
Write-off of intangible assets	3	**600**	–
Write-off of property, plant and equipment	4	**–**	1,478
Operating loss before working capital changes		**(4,189)**	(16,802)
Changes in inventories		**–**	7,387
Changes in trade and other receivables		**(4,085)**	(19,932)
Changes in loan and advances		**(12,780)**	–
Changes in trade and other payables		**(549)**	16,510
Cash used in operations		**(21,603)**	(12,837)
Income tax paid		**(101)**	(683)
Net cash used in operating activities		**(21,704)**	(13,520)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	4	**–**	(1,310)
Acquisition of subsidiaries, net of cash acquired	5	**–**	3,291
Net cash outflow from disposal of subsidiaries	5	**(2,917)**	–
Interest received	16	**60**	19
Net cash (used in)/generated from investing activities		**(2,857)**	2,000
Cash Flows from Financing Activities			
Proceeds from issue of shares		**–**	30,680
Share issue expense		**–**	(1,462)
Capital contribution from non-controlling interests (Note A)		**–**	1,545
Advances from related parties (non-trade)		**2,651**	–
Interest paid on convertible bonds (Note B)	11	**(1,426)**	(1,344)
Dividend paid to non-controlling shareholders		**–**	(1,845)
Proceeds from borrowings (Note B)		**4,300**	38,251
Interest paid (Note B)		**(94)**	(810)
Repayment of borrowings (Note B)		**(10,837)**	(34,796)
Decrease/(increase) in pledged bank deposits		**20,688**	(19,567)
Net cash generated from financing activities		**15,282**	10,652
Net decrease in cash and cash equivalents		**(9,279)**	(868)
Cash and cash equivalents at beginning of year		**13,158**	13,846
Effects of exchange rate fluctuations on cash and cash equivalents		**(33)**	180
Cash and cash equivalents at end of year	8	**3,846**	13,158

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2017

Notes:

A. Capital contribution from non-controlling interests

The Group has not received the capital contribution from non-controlling interests amounting to HK$1,755,000 as at 31 December 2017.

B. Reconciliation of liabilities arising from financing activities

With effect from 1 January 2017, the Amendments to IAS 7 Statements of Cash Flow comes with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in 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:

				Non-cash changes			
	31 December 2016	**Cash flow-Proceeds from loans**	**Cash flow-Repayment of principal and interest**	**Disposal**	**Interests expense**	**Foreign currency translation reserve**	**31 December 2017**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Convertible bonds	19,867	–	(1,426)	–	1,527	1,311	**21,279**
Bank loans	15,139	4,300	(10,931)	(4,302)	94	–	**4,300**
Other borrowings	1,132	–	–	–	120	–	**1,252**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1 General information

Joyas International Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 4 October 2006. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business is located at Unit E, 12/F, Kwai Shing Industrial Building, Phase 2, 42-46 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The Company's shares have been listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") since 13 March 2008. On 5 May 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 2017 were approved for issue by the board of directors on 3 April 2018.

2(a) Going concern

For the financial year ended 31 December 2017, the Group incurred net losses and had net operating cash outflows of HK$7,194,000 (2016 - HK$21,706,000) and HK$21,704,000 (2016 - HK$13,520,000), respectively.

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

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

(i) As at 31 December 2017, the Group had net current assets and net assets of HK$63,422,000 (2016 - HK$47,171,000) and HK$41,905,000 (2016 - HK$36,256,000), respectively, while the Company had net current assets and net assets of HK$59,311,000 (2016 - HK$50,942,000) and HK$37,740,000 (2016 - HK$30,819,000), respectively.

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

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

2(b) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") including interpretations promulgated by the International Financial Reporting Interpretations Committee ("IFRIC") issued by the International Accounting Standards Board ("IASB"). The financial statements 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

Consolidation of controlled entities

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

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

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

Significant judgements in applying accounting policies (Cont'd)

Income taxes

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

Determination of operating segments

Management will first identify the Chief Operating Decision Maker ("CODM"). Then it should identify their business activities (which may not necessarily earn revenue or incur expenses). Management will further determine whether discrete financial information is available for the business activities and whether that information is regularly reviewed by the CODM. Judgement is applied by management of the aggregation criteria to operating segments.

Significant accounting estimates and assumptions used in applying accounting policies

Valuation of inventories

Inventories are required to be measured at the lower of cost and net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise.

The carrying amount of the Group's inventories as at 31 December 2017 is disclosed in Note 6 to the financial statements. If the net realisable value of the inventories increase/decrease by 10% from management's estimates, the Group's loss for the year will decrease/increase by approximately HK$Nil (2016 - HK$704,400).

Depreciation of property, plant and equipment

The Group depreciates property, plant and equipment on straight-line method over the estimated useful lives. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The carrying amount of the Group's property, plant and equipment as at 31 December 2017 is disclosed in Note 4 to the financial statements. A 10% increase/decrease in the depreciation of property, plant and equipment from management's estimates will increase/decrease the Group's loss for the year by approximately HK$3,000 (2016 - HK$129,000).

Impairment of loans and receivables

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

The Group has invested in loans and advances with a carrying value of HK$22,780,000 (2016 - HK$10,000,000) as at 31 December 2017. 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. 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), including the credit portfolio of the individual loan debtors granted and the assessment of the loan to security ratio.

To the best of the knowledge of the directors of the Group given the understanding and perspective of the Ultimate Borrowers' capability, there is no indication of impairment. 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.

If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, provision for impairment may be required. The carrying amounts of the Group's and the Company's loans and receivables as at 31 December 2017 are disclosed in Note 7 to the financial statements. If the present value of estimated future cash flows decreases/increases by 10% from management's estimates, the Group's allowance for impairment of loans and receivables will increase/decrease by approximately HK$5,185,000 (2016 - HK$3,796,000).

Impairment of non-financial assets

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

As disclosed in Note 4 to the financial statements, management did not estimate the recoverable amounts of property, plant and equipment as at 31 December 2017 and 31 December 2016.

The carrying amounts of the Group's non-financial assets (other than goodwill and inventories) as at 31 December 2017, comprising property, plant and equipment and membership, are disclosed in Note 4 and Note 3 to the financial statements, respectively. If the recoverable amounts of non-financial assets decrease by 10% from management's estimates, the Group's loss for the year will increase by approximately HK$6,200 (2016 - HK$921,000).

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

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The carrying amount of the Group's goodwill as at 31 December 2017 and the bases and assumptions used to estimate the recoverable amount are disclosed in Note 3(a) to the financial statements. No sensitivity test was performed since the goodwill had been fully impaired in the financial year ended 31 December 2016.

Impairment of investments in and amounts due from subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of the investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

Determining whether amounts due from subsidiaries 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 using the effective interest rate.

At the reporting date, the carrying amounts of investments in subsidiaries are HK$8,000 (2016 – HK$8,000) and amounts due from subsidiaries (non-trade) are HK46,887,000 (2016 - HK$49,737,000). Management has evaluated the recoverability of the investment based on such estimates. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Company's allowance for impairment of investments in and amounts due from subsidiaries will increase by HK$800 (2016 - HK$800) and HK$4,689,000 (2016 - HK$4,974,000) respectively.

Valuation of share options

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

If the fair value of share options increase/decrease by 10% from management's estimates; the Group's loss for the year will increase/decrease by approximately HK$248,000 (2016 – HK$202,000).

Valuation of convertible bonds and warrants

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

The carrying amount of the Group's convertible bonds and warrants as at 31 December 2017 are disclosed in Note 11 and Note 12 to the financial statements, respectively. If the fair value of convertible bonds and warrants increase/decrease by 10% from independent firm of professional valuers; the Group's loss for the year will increase/decrease by approximately HK$2,157,000 (2016 – HK$2,006,000) and HK$1,000 (2016 - HK$7,000) respectively.

2(c) Interpretations and amendments to published standards effective in 2017

Management does not anticipate that the adoption of the IFRSs will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following new or amended IFRS issued and effective in 2017:

Reference	**Description**
Amendments to IAS 7	Statement of Cash Flows
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrecognised Losses
Improvements to IFRSs (issued in December 2016) IFRS 12	Disclosure of Interests in Other Entities

Amendments to IAS 7 Statement of Cash Flows

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

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrecognised Losses

The amendments to IAS 12 Recognition of deferred tax assets for unrealised losses clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendment to FRS 12 is effective for annual periods beginning on or after 1 January 2017. Management has reassessed all unrealised losses on debt instruments measured at fair value and there is no material impact.

2(c) Interpretations and amendments to published standards effective in 2017 (Cont'd)

Improvements to IFRSs (issued in December 2016) IFRS 12 Disclosure of Interests in Other Entities

These improvements to IFRSs (issued in December 2016) IFRS 12 Disclosure of Interests in Other Entities to clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These Improvements to FRSs (issued in December 2016) are effective for 1 January 2017. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in the current year.

2(d) IFRS not yet effective

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

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

Reference	Description	Effective date (Annual periods beginning on or after)
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 16	Leases	1 January 2019

IFRS 15 Revenue from Contracts with Customers

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

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

Customers

The Standard clarifies how to:

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

The Standard has the same effective date as IFRS 15, i.e. 1 January 2018.

The Group does not expect significant changes to the basis of revenue recognition for its revenue from nickel ore and financing activities businesses. However, additional disclosures for trade and other receivables and revenue may be required, including any significant judgement and estimation made.

IFRS 9 Financial Instruments

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

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

IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

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

IFRS 9 Financial Instruments (Cont'd)

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under IFRS 9. For financial liabilities currently held at fair value, the Group expects to continue measuring cost of these liabilities at fair value under IFRS 9.

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model or a significant increase in the impairment loss allowance.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

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

The interpretations are effective from 1 January 2018.

On initial application, entities would have the option of applying the interpretations either retrospectively or prospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Group does not expect a significant change to the requirements arising from adopting the new interpretation. The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

IFRS 16 Leases

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

2(e) Summary of significant accounting policies

Consolidation

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

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

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

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.

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

Consolidation (Cont'd)

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

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

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

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.

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.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions with non-controlling 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 losses on an individual subsidiary basis.

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. 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 buildings	50 years
Leasehold improvements	5 years
Motor vehicles	5 years
Plant and machinery	5 to 10 years
Furniture and fixtures	5 years
Tools and equipment	5 years
Moulds	3 to 10 years

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

Land use rights represent up-front payment for right to use the land in Hong Kong for 50 years.

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

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

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

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

Intangible asset (other than goodwill)

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

Financial assets

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

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

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

Financial assets (Cont'd)

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

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

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

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

<u>Loans and receivables</u>

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

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

Inventories

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

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

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

Cash and cash equivalents

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

Share capital

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

Dividends

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

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

Financial liabilities

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

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as finance expense in the profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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

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

Financial liabilities (Cont'd)

Borrowings

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.

Convertible bonds

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

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

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

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

Derivative financial instruments

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

Other financial liabilities

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

Leases

Where the Group is the lessee,

Finance leases

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

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

Operating leases

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

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

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

Income taxes

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

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

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

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

<u>Retirement benefit contributions</u>

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.

<u>Short-term employee benefits</u>

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.

<u>Key management personnel</u>

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

Related parties

A related party is defined as follows:

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

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

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

Related parties (Cont'd)

(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.

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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 losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

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

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or 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

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

<u>Sales of goods</u>

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

<u>Interest income</u>

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

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

Finance income and finance costs

Finance income comprises interest income on fixed deposits.

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

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

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

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

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

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

Share-based payments

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

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

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

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

3 Intangible assets

The Group	**2017** **HK$'000**	2016 HK$'000
Goodwill (Note 3(a))	**–**	–
Membership (Note 3(b))	**–**	600
	–	600

3(a) Goodwill

The Group	**2017** **HK$'000**	2016 HK$'000
At 1 January	**–**	413
Acquisition of subsidiaries (Note 5)	**–**	239
Impairment of goodwill (Note 18)	**–**	(652)
At 31 December	**–**	–

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

The Group	**2017** **HK$'000**	2016 HK$'000
Nickel ore CGU	**537**	537
Financing activities CGU	**115**	115
Impairment of goodwill	**(652)**	(652)
	–	–

Impairment testing for goodwill

2016

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

For impairment testing of the nickel ore CGU and financial services CGU, management had determined the recoverable amounts of the two CGUs using value-in-use calculations based on negative cash flow projections estimated by management, having regard to the actual operating cash outflows incurred by the two CGUs for the current financial year. Consequently, the goodwill pertaining to the two CGUs was fully impaired in 2016.

3 Intangible assets (Cont'd)

3(b) Membership

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

During the financial year ended 31 December 2017, the management did not use the membership facilities such as credit checks due to the nature of businesses of the Group's clients, the management is of the view that the value of the membership is limited to the Group. Accordingly, the Group has written off the cost of the membership subscription.

The Group	**2017 HK$'000**	2016 HK$'000
At 1 January	**600**	–
Acquisition of subsidiaries (Note 5)	**–**	600
Membership written off	**(600)**	–
At 31 December	**–**	600

4 Property, plant and equipment

The Group	**Land use rights HK$'000**	**Leasehold buildings HK$'000**	**Leasehold improvements HK$'000**	**Motor vehicles HK$'000**	**Plant and machinery HK$'000**	**Furniture and fixtures HK$'000**	**Tools and equipment HK$'000**	**Moulds HK$'000**	**Total HK$'000**
Cost									
At 1 January 2016	5,494	1,374	69	634	5,514	480	4,358	9,789	27,712
Additions	–	–	579	–	527	84	110	10	1,310
Write-offs	–	–	–	(634)	–	(424)	(3,986)	(6,506)	(11,550)
Transfers	–	–	1,333	–	10,166	40	23	37	11,599
Acquisition of a subsidiary (Note 5)	–	–	–	–	–	–	35	–	35
At 31 December 2016	**5,494**	**1,374**	**1,981**	**–**	**16,207**	**180**	**540**	**3,330**	**29,106**
Disposal of subsidiaries (Note 5)	**(5,494)**	**(1,374)**	**(1,931)**	**–**	**(16,207)**	**(180)**	**(466)**	**(3,330)**	**(28,982)**
At 31 December 2017	**–**	**–**	**50**	**–**	**–**	**–**	**74**	**–**	**124**
Accumulated depreciation									
At 1 January 2016	2,170	543	37	614	4,556	429	3,986	7,135	19,470
Depreciation for the year	110	27	289	20	285	42	140	382	1,295
Write-offs	–	–	–	(634)	–	(419)	(3,909)	(5,110)	(10,072)
Transfers	–	–	15	–	9,769	8	1	3	9,796
Acquisition of a subsidiary (Note 5)	–	–	–	–	–	–	1	–	1
At 31 December 2016	**2,280**	**570**	**341**	**–**	**14,610**	**60**	**219**	**2,410**	**20,490**
Depreciation for the year	**–**	**–**	**10**	**–**	**–**	**–**	**18**	**–**	**28**
Disposal of subsidiaries (Note 5)	**(2,280)**	**(570)**	**(314)**	**–**	**(14,610)**	**(60)**	**(212)**	**(2,410)**	**(20,456)**
At 31 December 2017	**–**	**–**	**37**	**–**	**–**	**–**	**25**	**–**	**62**
Carrying amount									
At 31 December 2017	**–**	**–**	**13**	**–**	**–**	**–**	**49**	**–**	**62**
At 31 December 2016	3,214	804	1,640	–	1,597	120	321	920	8,616

4 Property, plant and equipment (Cont'd)

The Group

Analysis of the carrying amount of land use rights are as follows:

	2017 **HK$'000**	2016 HK$'000
In Hong Kong		
- medium lease (i.e. 10 to 50 years)	**–**	3,214

As at 31 December 2016, the Group's land use rights and leasehold buildings with carrying amounts of HK$3,214,000 and HK$804,000, respectively, were pledged to secure the banking facilities granted to the Group (Note 14).

Impairment testing

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

5 Subsidiaries

The Company	**2017** **HK$'000**	2016 HK$'000
Unquoted equity investments, at cost	**8**	63
Allowance for impairment losses	**–**	(55)
	8	8
Amount due from a subsidiary (non-trade)	**–**	65,176
Allowance for impairment loss	**–**	(65,176)
	–	–
	8	8

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

As the indications of impairment continue to exist for the financial years ended 31 December 2017 and 2016, the impairment losses previously made were not reversed.

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5 Subsidiaries (Cont'd)

The subsidiaries are:

Name of subsidiary	Country of incorporation	Effective equity interest held by the Group		Principal activities
		2017	2016	
		%	%	
Directly owned				
Joyas Group Limited [(1)]	The British Virgin Islands ("BVI")	**–**	100	Investment holding
Asia Pac Growth Holdings Limited [(1)]	BVI	**100**	100	Investment holding
Indirectly owned				
Happy Time Industrie Limited [(1)]	Hong Kong	**–**	100	Holding trademarks and licensing in Hong Kong
J & J Design Limited [(1)]	Hong Kong	**–**	100	Manufacturing and trading of jewellery in Hong Kong
Royce Gifts & Accessories Limited [(1)]	Hong Kong	**–**	100	Metalware manufacturing and exporter in Hong Kong
Joyas (Qingyuan) Limited [(1)]	BVI	**–**	100	Manufacturing and trading of mini metallic products
Billion Fun Limited [(1)]	BVI	**–**	100	Investment holding
Allied Famous Limited [(1)]	BVI	**–**	100	Investment holding
Asia Growth Group Limited [(1)]	Hong Kong	**100**	100	Inactive
Hong Kong Silver Basic Group Limited ("HK Silver") [(1)]	Hong Kong	**70**	70	Trading of nickel ore
PT Global Linker Indonesia ("PT Global") [(2)]	Indonesia	**64**	64	Inactive
CCIG Financial Services Limited ("CCIG Financial") [(1)]	Hong Kong	**70**	70	Licensed money lending business in Hong Kong
Caishi Hardware Products (Shenzhen) Co., Ltd. ("Caishi Shenzhen") [(3)]	The People's Republic of China ("PRC")	**–**	–	Manufacturing and trading of metallic products
Huidongxian Baihuazhen Caishi Hardware ZhipinChang ("Caishi Huidong") [(3)]	PRC	**–**	–	Manufacturing and trading of metallic products
Polymax Limited ("Polymax") [(3)]	Hong Kong	**–**	–	Metalware manufacturing and exporter in Hong Kong

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

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

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

5 Subsidiaries (Cont'd)

Disposal of subsidiaries

(a) In June 2017, the Group disposed of the 100% equity interest of Joyas Group Limited and its subsidiaries "the Disposal Group" to the purchaser, namely Lam Kam Yin. Please refer to the Company's announcement with respect to the Proposed Disposal of JGL dated 25 May 2017.

No revenue and expenses from metal gift products and jewellery products were accounted for the current financial year as indicated under the Sale and Purchase Agreement between the Company and the purchaser of the Disposal Group, the purchaser shall be entitled to all income and responsible for all expenses of the Disposal Group on or after 1 January 2017. Accordingly, the Disposal Group was de-consolidated from the Group on 1 January 2017. Please refer to the Company's announcement with respect to the Proposed Disposal of JGL dated 25 May 2017.

The sales consideration for the disposal was HK$15,000,000 receivable in three tranches of cash and the breakdown is as follows:

1. First tranche of HK$3,000,000 in cash which has been received on 5 July 2017;
2. Second tranche of HK$6,000,000 in cash due on 12th month after the completion date of the disposal; and
3. Third tranche of HK$6,000,000 in cash due on 18th month after the completion date of the disposal.

The carrying amounts of identifiable assets and liabilities of the Disposal Group as at 1 January 2017 were:

	2017 **HK$'000**
Property , plant and equipment	8,526
Inventories	7,044
Trade and other receivables	17,139
Cash and bank balances	5,917
Borrowings	(4,302)
Trade and other payables	(31,254)
Capital contribution reserve	54
Non-controlling interest	10,611
Net assets	13,735
Gain on disposal	1,265
Total consideration, to be satisfied in cash	15,000
Satisfied by:	
Cash	3,000
Consideration receivable (Note 7)	12,000
	15,000
Analysis of net flow of cash and bank balances arising on disposal:	
Cash consideration received	3,000
Cash and bank balances on the Disposal Group	(5,917)
Net cash outflow on the Disposal Group	(2,917)

5 Subsidiaries (Cont'd)

Acquisition of subsidiaries (2016)

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

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

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

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

Identifiable assets acquired and liabilities assumed

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

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

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

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

5 Subsidiaries (Cont'd)

Acquisition of subsidiaries (2016) (Cont'd)

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

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

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

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$'000	PT Global HK$'000	CCIG Financial HK$'000	Caishi Shenzhen HK$'000	Caishi Huidong HK$'000	Polymax HK$'000	Intragroup elimination HK$'000	Total HK$'000
2017								
Current assets	**34,062**	**16,467**	**24,035**	–	–	–	–	**74,564**
Non-current assets	**4,878**	**45**	–	–	–	–	–	**4,923**
Total assets	**38,940**	**16,512**	**24,035**	–	–	–	–	**79,487**
Current liabilities	**(40,507)**	**(9,502)**	**(23,411)**	–	–	–	–	**(73,420)**
Net assets	**(1,567)**	**7,010**	**624**	–	–	–	–	**6,067**
Attributable to:								
- Non-controlling interests	**(470)**	**2,524**	**187**	–	–	–	–	**2,241**
2016								
Current assets	37,313	2,222	403	314	8,010	7,264	–	55,526
Non-current assets	1,770	62	600	–	4,260	–	–	6,692
Total assets	39,083	2,284	1,003	314	12,270	7,264	–	62,218
Current liabilities	39,075	81	40	20,099	13,895	7,281	–	80,471
Net assets	8	2,203	963	(19,785)	(1,625)	(17)	–	(18,253)
Attributable to:								
- Non-controlling interests	2	828	289	(19,785)	(1,625)	(17)	10,816	(9,492)

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5 Subsidiaries (Cont'd)

Summarised statements of profit or loss and other comprehensive income

	HK Silver HK$'000	PT Global HK$'000	CCIG Financial HK$'000	Caishi Shenzhen HK$'000	Caishi Huidong HK$'000	Polymax HK$'000	Total HK$'000
2017							
Revenue	**–**	**–**	**1,981**	**–**	**–**	**–**	**1,981**
Profit/(Loss) for the year, representing total comprehensive Income/(loss) for the year	**(1,574)**	**(68)**	**(339)**	**–**	**–**	**–**	**(1,981)**
Attributable to:							
- Non-controlling interests	**(472)**	**(25)**	**(102)**	**–**	**–**	**–**	**(599)**
2016							
Revenue	27,206	–	336	22,995	11,811	11,811	74,159
Profit/(Loss) for the year, representing total comprehensive Income/(loss) for the year	459	(228)	(15)	(9,012)	(1,582)	(17)	(10,395)
Attributable to:							
- Non-controlling interests	131	(82)	(4)	(9,012)	(1,582)	(17)	(10,566)

Other summarised information

	HK Silver HK$'000	PT Global HK$'000	CCIG Financial HK$'000	Caishi Shenzhen HK$'000	Caishi Huidong HK$'000	Polymax HK$'000	Total HK$'000
2017							
Cash outflow from operating activities	**(119)**	**(3,771)**	**171**	**–**	**–**	**–**	**(3,719)**
Cash (outflow)/inflow from investing activities	**–**	**3**	**–**	**–**	**–**	**–**	**3**
Cash inflow from financing activities	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net cash (outflow)/inflow for the year	**(119)**	**(3,768)**	**171**	**–**	**–**	**–**	**(3,716)**
2016							
Cash outflow from operating activities	(3,718)	(589)	(989)	(11,811)	(3,760)	(1)	(20,868)
Cash (outflow)/inflow from investing activities	(1,741)	(1)	(33)	1,623	(2,751)	–	(2,903)
Cash inflow from financing activities	5,151	–	–	10,448	6,554	51	22,204
Net cash (outflow)/inflow for the year	(308)	(590)	(1,022)	260	43	50	(1,567)

6 Inventories

The Group	**2017 HK$'000**	2016 HK$'000
Raw materials, at cost	**–**	4,297
Work-in-progress, at cost	**–**	465
Finished goods, at net realisable value	**–**	2,282
	–	7,044

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

The Group	**2017 HK$'000**	2016 HK$'000
At 1 January	**25,002**	19,476
Allowance made (Note 18)	**–**	5,526
Reversed upon disposal of subsidiaries (Note 5)	**(25,002)**	–
At 31 December	**–**	25,002

7 Trade and other receivables

	The Group		The Company	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Trade receivables	**–**	19,276	**–**	–
Allowance for impairment	**–**	(7)	**–**	–
(A)	**–**	19,269	**–**	–
Amount due from subsidiaries (non-trade)	**–**	–	**46,887**	49,737
Amount due from a related party (non-trade) [1]	**16,306**	7,284	**–**	–
Deposits	**19**	870	**19**	19
Sales consideration receivables[2]	**12,000**	–	**12,000**	–
Loans and advances	**22,780**	10,000	**–**	–
Interest receivable	**347**	100	**–**	–
Other receivables	**395**	437	**11**	11
(B)	**51,847**	18,691	**58,917**	49,767
Loans and receivables (A)+(B)	**51,847**	37,960	**58,917**	49,767
Deposits paid to a supplier[3]	**24,377**	24,377	**–**	–
Prepayments	**186**	276	**186**	176
Prepaid taxes	**74**	317	**–**	–
Total trade and other receivables	**76,484**	62,930	**59,103**	49,943

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

(2) The sales considerations receivables relates to the disposal of subsidiaries by the Group during the current year ended 31 December 2017 (Note 5).

(3) The deposits paid for purchases of nickel ore are secured by personal guarantee from a key management personnel, Mr Wang De Zhou and a share pledge in a mining company in Indonesia, which owns concessions in the mining of nickel ore in Indonesia. The supplier is a related party (Note 22).

7 Trade and other receivables (Cont'd)

7.1 Trade receivables

The Group generally awards a credit period of 30 to 180 days (2016 - 30 to 180 days) to its customers.

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

The Group	**2017** **HK$'000**	2016 HK$'000
Neither past due nor impaired	**–**	8,821
Past due 1 – 30 days	**–**	2,783
Past due 31 – 90 days	**–**	3,095
Past due 91 – 365 days	**–**	4,447
Past due over 1 year	**–**	123
	–	19,269

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

Major customer

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

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

7.2 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 six loans (2016 – two) via its Hong Kong subsidiary, CCIG Financial (registered money lender in Hong Kong).

Country	**Nature of business of borrowers**	**Maturity date**	**Interest rate**		**Principal amount of the loan**	
			2017	2016	**2017**	2016
			%	%	**HK$'000**	HK$'000
British Virgin Islands	Investment company	Revolving in nature	**12**	–	**5,000**	5,000
Hong Kong	Purchasing of consumer debt folio & manage and recover debt	Revolving in nature	**12**	–	**5,000**	5,000
Hong Kong	Investment company	1 year from draw down	**9**	–	**5,000**	–
United Arab Emirates "UAE"	Sales & manufacturing of steel framing machinery for construction building	1 year from draw down	**24**	–	**780**	–
Hong Kong	Investment company	Repayable on demand	**12**	–	**2,000**	–
Hong Kong	Personal	1 months from draw down	**24**	–	**5,000**	–
					22,780	10,000

The Group	**2017** **HK$'000**	2016 HK$'000
Amount repayable within one year	**22,780**	10,000

The Group	**2017** **HK$'000**	2016 HK$'000
USD	**780**	–
HKD	**22,000**	10,000
Total loans and advances	**22,780**	10,000

Subsequent to the reporting date, the Group has received the repayment of HK$12,780,000 (2016 – HK$Nil) from the borrowers.

8 Cash and cash equivalents

	The Group		The Company	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash in banks	**3,830**	12,675	**731**	1,527
Cash on hand	**16**	483	**–**	–
Fixed deposits	**5,416**	26,104	**–**	–
	9,262	39,262	**731**	1,527

As at 31 December 2017, fixed deposits were pledged to secure bank loans and other banking facilities granted to the Group (Note 14). Interest accrues on the fixed deposits at 0.45% to 0.6% (2016 - 0.1% to 0.15%) per annum.

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

The Group	**2017** HK$'000	2016 HK$'000
Cash and cash equivalents	**9,262**	39,262
Less: Fixed deposits pledged	**5,416**	26,104
	3,846	13,158

Cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**2,980**	2,511	**235**	149
United States dollar	**225**	8,893	**–**	–
Singapore dollar	**6,037**	27,482	**496**	1,378
Renminbi	**–**	304	**–**	–
Indonesia Rupiah	**20**	–	**–**	–
Others	**–**	72	**–**	–
	9,262	39,262	**731**	1,527

9 Share capital

	2017		2016	
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**	404,670,733	4,048
- ordinary shares of HK$0.01 each				
Issue of shares upon rights issue of HK$0.01 each	**–**	**–**	1,508,904,240	15,089
Issue of shares upon exercise of warrants of HK$0.01 each	**–**	**–**	202,000	2
At end of year				
- ordinary shares of HK$0.01 each	**1,913,776,973**	**19,139**	1,913,776,973	19,139

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9 Share capital (Cont'd)

Increase in share capital in 2016 was due to the following:

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

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

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

10 Other reserves

	The Group		The Company	
	2017	2016	**2017**	2016
	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	**2,478**	2,022	**2,478**	2,022
Capital contribution reserve	**5,306**	5,252	**–**	–
Foreign currency translation reserve	**(95)**	(96)	–	–
	111,546	111,035	**129,317**	128,861

<u>Share premium</u>

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.

<u>Contributed surplus reserve</u>

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.

<u>Share option reserve</u>

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

<u>Capital contribution reserve</u>

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

<u>Foreign currency translation reserve</u>

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

<u>The Group and the Company</u>

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

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.

11 Convertible bonds (Cont'd)

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;

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

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

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

As at 31 December 2017 and 2016, the convertible bonds with an aggregate principal amount of S$3,503,459 (HK$19,970,000) remained outstanding.

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 2016	19,891	(1)	19,890
Interest expense (Note 17)	1,490	–	1,490
Fair value loss (Note 18)	–	196	196
Interest paid	(1,344)	–	(1,344)
Exchange difference	(170)	–	(170)
At 31 December 2016	**19,867**	**195**	**20,062**
Interest expense (Note 17)	**1,527**	**–**	**1,527**
Fair value loss (Note 18)	**–**	**96**	**96**
Interest paid	**(1,426)**	**–**	**(1,426)**
Exchange difference	**1,311**	**(1)**	**1,310**
At 31 December 2017	**21,279**	**290**	**21,569**

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 Rights 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	
The Group and the Company	**2017 HK$'000**	2016 HK$'000
At 1 January	**69**	319
Fair value gain (Note 16)	**(59)**	(260)
Exchange difference	**–**	10
At 31 December	**10**	69

13 Trade and other payables

	The Group		The Company	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**10,531**	16,794	**–**	–
Amounts due to former subsidiaries (non-trade) (1)	**–**	21,126	**–**	–
Amounts due to a key management personnel (non-trade) (2)	**5,041**	2,675	**–**	–
Amounts due to a related party (non-trade) (3)	**322**	37	**–**	–
Accruals	**672**	3,659	**523**	525
Other payables	**49**	45	**–**	3
Financial liabilities carried at amortised cost	**16,615**	44,336	**523**	528
Advances from customers	**–**	1,431	**–**	–
Total trade and other payables	**16,615**	45,767	**523**	528

(1) Amounts due to former subsidiaries are unsecured, interest-free and have no fixed repayment terms. The former subsidiaries include an entity ("Entity B"), which is a subsidiary of an entity in which the Company's Chairman cum Managing Director, who is also a major shareholder of the Company, was the beneficial owner of the entire equity interest ("Entity A"). This amount forms part of the liabilities of the Disposal Group in 2017 (Note 5).

(2) This relates to advances given by a key management personnel of the Group, Mr Wang De Zhou during the financial year. The amount is unsecured, interest-free and repayable on demand (Note 22).

(3) The non-trade amount due to a related party relates to the entities which the Company's director is also a director of the entities.

14 Borrowings

	2017	2016
The Group	**HK$'000**	HK$'000
Bank loans (Note (a))	**4,300**	15,139
Other borrowing (Note (b))	**1,252**	1,132
	5,552	16,271

(a) Bank loans

	2017	2016
The Group	**HK$'000**	HK$'000
Portion of bank loans due for payment within one year which contain a repayment on demand clause (secured)	**4,300**	13,703
Portion of bank loans due for payment after one year which contain a repayment on demand clause (secured)	**–**	1,436
	4,300	15,139

As at 31 December 2017, the Group's bank loans were secured by the Group's pledged fixed deposits (Note 8) and personal guarantee by a director of the Company.

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

Interest is charged on the bank loans at interest rate of 2.2% (2016 - 1.15% to 5.25%) per annum.

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

Further details of the Group's management of liquidity risk are set out in Note 25.4. As at 31 December 2017 and 2016, none of the covenants relating to draw-down facilities had been breached.

(b) Other borrowing

Other borrowing bears interest of 12% (2016 - 12%) per annum, and is guaranteed by certain non-controlling shareholder and employee of a subsidiary, and repayable within one year.

14 Borrowings (Cont'd)

(c) Effective interest rates

The weighted average interest rates of borrowings at the reporting date are as follows:

The Group	**2017**	2016
	%	%
Bank loans (secured)	**2.2**	2.5
Other borrowing	**12.0**	12.0

15 Revenue

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

The Group	**2017** **HK$'000**	2016 HK$'000
Sales of goods [1]	**–**	81,576
Financing activities	**1,981**	–
	1,981	81,576

Note:
[1] The Group made sales amounting to HK$11,976,000 to one of its major customers, an entity whose key management personnel, a sibling of the Company's Chairman cum Managing Director, and shareholder are former employees of a subsidiary in the financial year ended 31 December 2016.

16 Other income

The Group	**2017** **HK$'000**	2016 HK$'000
Bank interest income	**60**	19
Bad debts recovered (trade)	**–**	109
Fair value gain on warrants (Note 12)	**59**	260
Foreign exchange gain, net	**–**	2,028
Gain disposal of subsidiaries (Note 5)	**1,265**	–
Sale of scrap materials	**–**	380
Sundry income	**–**	636
	1,384	3,432

17 Finance costs

The Group	**2017** **HK$'000**	2016 HK$'000
Interest expense on		
- bank loans and overdrafts	**94**	690
- other borrowing	**120**	120
- convertible bonds (Note 11)	**1,527**	1,490
	1,741	2,300

18 Loss before taxation

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

The Group	**2017** **HK$'000**	2016 HK$'000
Auditors' remuneration		
- Audit fees to the auditors of the Company	**540**	540
- Audit fees to the auditors of the subsidiaries	**270**	254
Cost of inventories recognised as expense	**–**	80,023
Depreciation of property, plant and equipment	**28**	1,295
Fair value gain on warrants (Note 12)	**(59)**	(260)
Fair value loss on derivative component of convertible bonds (Note 11)	**96**	196
Impairment of goodwill (Note 3(a))	**–**	652
Foreign exchange loss / (gain)	**1,860**	(2,028)
Operating lease expense in respect of rented premises	**339**	935
Bad debts written off (trade)	**125**	–
Write-off of intangible assets (Note 3)	**600**	–
Write-down on inventories (Note 6)	**–**	5,526
Write-off of property, plant and equipment	**–**	1,478
Staff costs		
Directors' fees	**508**	898
Directors' remuneration other than directors' fee		
- Salaries, wages and other related costs	**600**	240
- Employer's contributions to defined contribution plans	**–**	18
Key management personnel (other than directors)		
- Salaries, wages and other related costs	**420**	3,318
- Employer's contributions to defined contribution plans	**21**	79
Total key management personnel compensation	**1,549**	4,553
Other than key management personnel		
- Salaries, wages and other related costs *	**753**	14,157
- Employer's contributions to defined contribution plans	**8**	1,276
	761	15,433
Total staff costs	**2,310**	19,986

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

19 Taxation

The Group	**2017** **HK$'000**	2016 HK$'000
Current taxation		
Current year	**154**	76
Underprovision in respect of prior years	**3**	233
	157	309

Reconciliation of effective tax rate

The Group	**2017** **HK$'000**	2016 HK$'000
Loss before taxation	**(7,037)**	(21,397)
Tax at statutory rates applicable to different jurisdictions	**(221)**	(3,443)
Tax effect on non-deductible expenses	**161**	2,795
Tax effect on non-taxable income	**(2)**	(102)
Utilisation of previously unrecognised tax loss	**(4)**	–
Tax rebate	**(40)**	(20)
Deferred tax assets on current year tax losses not recognised	**260**	846
Adjustments of current taxation in respect of prior years	**3**	233
	157	309

Bermuda

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

British Virgin Islands

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

Hong Kong

The corporate income tax rate applicable to the subsidiaries in Hong Kong is 16.5% (2016 - 16.5%) for the financial year ended 31 December 2017.

People's Republic of China

On 16 March 2007, the National People's Congress of the PRC enacted the Enterprise Income Tax ("EIT") Law which took effect on 1 January 2008. In accordance with the EIT Law, a unified EIT rate of 25% and unified tax deduction standards will be applied equally to both domestic invested enterprises and wholly foreign-owned enterprises. Accordingly, the PRC subsidiaries are subject to the applicable EIT rate of 25% (2016 - 25%) for the financial year ended 31 December 2017.

Indonesia

The corporate income tax rate applicable to the subsidiary in Indonesia is 25% (2016 - 25%) for the financial year ended 31 December 2017.

At 31 December 2017, the Group had unutilised tax losses of approximately HK$1,574,000 (2016 - HK$25,000). These unabsorbed tax losses of the Group are available for carry forward and set-off against future taxable income, subject to agreement by the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the subsidiaries operate.

Deferred tax assets of approximately HK$260,000 (2016 – HK$4,000) have not been recognised in respect of these tax losses because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

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20 Share-based payment compensation

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

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

Category of grantee	Note	Date of grant	Exercisable period	Balance at 1.1.2017	Granted during the year	Balance at 31.12.2017	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) [2016 - S$0.0035 (HK$0.02) and S$0.03 (HK$0.17)] and their weighted average remaining contractual life was 3.11years (2016 - 4.11 years).

Of the total number of options outstanding at the end of the year, 41,000,000 share options (2016 – 9,000,000 share options) were exercisable at the end of the year.

20 Share-based payment compensation (Cont'd)

The weighted average fair value of each option granted during the year was HK$Nil (2016 - HK$0.01).

	2017		2016	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
	HK$		HK$	
Outstanding at beginning of year	**0.07**	**53,000,000**	0.14	21,000,000
Granted during the year	**–**	**–**	0.02	32,000,000
Outstanding at end of year	**0.07**	**53,000,000**	0.07	53,000,000

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

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

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

For the year ended 31 December 2017, the equity-settled share-based payment expense of HK$456,000 (2016 - HK$981,000) 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$6,595,000 (2016 - HK$11,140,000) and on the weighted average number of 1,913,776,973 (2016 -1,016,689,137) ordinary shares in issue during the year.

Basis loss per share and diluted loss per share are the same for the years ended 31 December 2016 and 2017 as the Group incurred a loss for both years, and the share options, warrants and convertible bonds are anti-dilutive.

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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 (Note 7)	
	2017	2016	**2017**	2016
The Group	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Purchases of nickel ore from a supplier with common key management personnel[1]	**–**	25,049	**24,377**	24,377
Interest income from a related party[2]	**(600)**	(168)	**5,000**	5,050
Rental and utility expense paid to related parties[2]	**309**	318	**(15)**	–
Management fee paid to a related party[2]	**60**	17	**(22)**	(22)
Advances from a related party[2]	**300**	–	**(300)**	–
Advances to a key management personnel[3]	**9,022**	7,284	**16,306**	7,284
Advances from a key management personnel[4]	**2,366**	2,675	**(5,041)**	(2,675)

(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 2017 are disclosed in Note 7 to the financial statements.

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

(3) The advances are given to a key management personnel, Mr Wang De Zhou. The terms and conditions of the loan as at 31 December 2017 are disclosed in Note 7 to the financial statements.

(4) The advances are given by a key management personnel, Mr Wang De Zhou. The terms and conditions of the loan as at 31 December 2017 are disclosed in Note 13 to the financial statements.

23 Operating lease commitments

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

	2017	2016
The Group	**HK$'000**	HK$'000
Not later than one year	**–**	1,170
Later than one year and not later than five years	**–**	2,158
	–	3,328

24 Segment information

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

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

24 Segment information (Cont'd)

	Metal gift products		Jewellery products		Nickel ore		Financing activities		Elimination		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue												
External	**–**	85,829	**–**	15,046	**–**	27,206	**1,981**	336	**–**	(46,841)	**1,981**	81,576
Total revenue	**–**	85,829	**–**	15,046	**–**	27,206	**1,981**	336	**–**	(46,841)	**1,981**	81,576
Segment Results												
Segment profit from Operations	**–**	(10,699)	**–**	(4,741)	**(1,645)**	417	**1,046**	210	**–**	–	**(599)**	(14,813)
Unallocated income											**1,324**	680
Unallocated expenses											**(6,081)**	(4,983)
Finance income											**60**	19
Finance expense											**(1,741)**	(2,300)
Loss before income tax											**(7,037)**	(21,397)
Income tax expense											**(157)**	(309)
Loss for the year											**(7,194)**	(21,706)
Other information												
Segment assets	**–**	50,687	**–**	16,170	**50,348**	46,012	**23,454**	10,817	**(9,471)**	(44,703)	**64,331**	78,983
Unallocated assets											**21,477**	39.469
Consolidated total assets											**85,808**	118,452
Segment liabilities	**–**	100,923	**–**	28,252	**50,009**	47,870	**23,411**	10,264	**(56,730)**	(156,976)	**16,690**	30,333
Unallocated liabilities											**27,213**	51,863
Consolidated total liabilities											**43,903**	82,196
Depreciation of plant and equipment	**–**	1,277	**–**	3	**28**	15	**–**	–	**–**	–	**28**	1,295
Impairment of goodwill	**–**	–	**–**	–	**–**	537	**–**	115	**–**	–	**–**	652
Write-off of of property, plant and equipment	**–**	1,478	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1,478
Write-off of intangible assets	**–**	–	**–**	–	**–**	–	**600**	–	**–**	–	**600**	–
Write-down on inventories, net	**–**	264	**–**	5,262	**–**	–	**–**	–	**–**	–	**–**	5,526
Bad debts recovered (trade)	**–**	–	**–**	(109)	**–**	–	**–**	–	**–**	–	**–**	(109)
Bad debts written off (trade)	**–**	–	**–**	–	**–**	–	**125**	–	**–**	–	**125**	–
Acquisition of property, plant and equipment	**–**	1,280	**–**	–	**–**	–	**–**	30	**–**	–	**–**	1,310

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24 Segment information (Cont'd)

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

	2017 **HK$'000**	2016 HK$'000
Revenue		
Reportable segment revenues	**1,981**	81,576
Consolidated revenue	**1,981**	81,576
Profit or loss		
Reportable segment loss	**(599)**	(14,813)
Gain on disposal of subsidiaries	**1,265**	–
Fair value gain on warrants	**59**	260
Finance income	**60**	19
Unallocated income	**–**	420
Fair value loss on convertible bonds	**(96)**	(196)
Corporate legal and professional fees	**(1,488)**	(1,124)
Unallocated corporate expenses	**(4,497)**	(3,663)
Finance costs	**(1,741)**	(2,300)
Consolidated loss before taxation	**(7,037)**	(21,397)
Segment assets		
Reportable segment assets	**73,802**	123,686
Pledged fixed deposits	**5,416**	26,104
Cash and bank balances	**3,846**	13,158
Unallocated assets	**12,215**	207
Elimination	**(9,471)**	(44,703)
Consolidated total assets	**85,808**	118,452
Segment liabilities		
Reportable segment liabilities	**73,420**	187,309
Bank loans	**4,300**	15,139
Convertible bonds	**21,569**	20,062
Warrants	**10**	69
Unallocated liabilities	**1,334**	16,593
Elimination	**(56,730)**	(156,976)
Consolidated total liabilities	**43,903**	82,196

24 Segment information (Cont'd)

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	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Principal markets:				
United States of America	**–**	12,410	**–**	–
Europe	**–**	18,404	**–**	–
The PRC, including Hong Kong	**1,105**	49,578	**17**	9,154
Others	**876**	1,184	**45**	62
	1,981	81,576	**62**	9,216

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 (2016 - 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:

The Group	**2017** **HK$'000**	2016 HK$'000
Customer A (Note i)	**–**	8,771
Customer B (Note i)	**–**	12,107
Customer C (Note ii)	**–**	11,976
Customer D (Note iii)	**–**	9,921
Customer E (Note iii)	**–**	17,285
Customer F (Note iv)	**600**	–
Customer G (Note iv)	**600**	–
Customer H (Note iv)	**347**	–
Customer I (Note iv)	**276**	–
	1,823	60,060

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

As at 31 December 2017, 21.7% (2016 - 56%) of the Group's interest receivables/trade receivables were due from these customers.

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25 Financial risk management

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

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

25.1 Categories of financial assets and liabilities

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

	The Group		The Company	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables:				
Trade and other receivables (excluding prepayments, deposits paid to a supplier and prepaid tax) (Note 7)	**51,847**	37,960	**58,917**	49,767
Cash and cash equivalents (Note 8)	**9,262**	39,262	**731**	1,527
	61,109	77,222	**59,648**	51,294

	The Group		The Company	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade and other payables (excluding advances from customers)	**16,615**	44,336	**523**	528
Convertible bonds (liability component)	**21,279**	19,867	**21,279**	19,867
Borrowings	**5,552**	16,271	**–**	–
	43,446	80,474	**21,802**	20,395
Financial liabilities at fair value through profit or loss:				
Convertible bonds (derivative component)	**290**	195	**290**	195
Warrants	**10**	69	**10**	69
	300	264	**300**	264
	43,746	80,738	**22,102**	20,659

25 Financial risk management (Cont'd)

25.2 Market risk

(i) Foreign currency risk

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

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

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

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

The Group	USD HK$'000	RMB HK$'000	IDR HK$'000	SGD HK$'000
As at 31 December 2017				
Trade and other receivables	**25,309**	**–**	**16,306**	**25**
Cash and cash equivalents	**225**	**–**	**20**	**6,037**
Trade and other payables	**(10,531)**	**–**	**(2)**	**(3)**
Convertible bonds	**–**	**–**	**–**	**(21,569)**
Warrants	**–**	**–**	**–**	**(10)**
Net exposure arising from financial assets and liabilities	**15,003**	**–**	**16,324**	**(15,520)**
As at 31 December 2016				
Trade and other receivables	35,005	969	7,008	207
Cash and cash equivalents	8,831	304	62	27,482
Trade and other payables	(11,964)	(4,395)	(81)	–
Convertible bonds	–	–	–	(20,062)
Warrants	–	–	–	(69)
Net exposure arising from financial assets and liabilities	31,872	(3,122)	6,989	7,558

Sensitivity analysis

A 3 % strengthening of USD, RMB, IDR and SGD against HKD would have decreased the Group's loss before tax by approximately HK$474,000 (2016 - decreased the Group's loss before tax by approximately HK$1,299,000). A 3% weakening of USD, RMB, IDR and SGD against HKD would have had the equal but opposite effect on profit or loss. This analysis assumes that all other variables, in particular interest rate remains constant.

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

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

(ii) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from its bank balances at fixed rates which are contractually repriced at intervals of less than 6 months (2016 - less than 6 months) from the end of the reporting period. Sensitivity analysis is not presented because the Group's exposure to interest rate risk is not material.

25 Financial risk management (Cont'd)

25.3 Credit risk

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

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

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

As at 31 December 2017, 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 six borrowers (2016 – two borrowers) that represented 100% (2016 - 100%) of the total loans and advances. There is significant credit concentration in a few borrowers.

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

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

25.4 Liquidity risk

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

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

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

		Contractual undiscounted cash flows			
The Group	**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**
As at 31 December 2017					
Trade and other payables[1]	**16,615**	**16,615**	**16,615**	**–**	**–**
Convertible bonds	**21,569**	**22,968**	**1,398**	**21,570**	**–**
Borrowings	**5,552**	**5,554**	**5,554**	**–**	**–**
	43,736	**45,137**	**23,567**	**21,570**	**–**
As at 31 December 2016					
Trade and other payables[1]	44,336	44,336	44,336	–	–
Convertible bonds	20,062	24,366	1,398	22,968	–
Borrowings	16,271	16,806	16,806	–	–
	80,669	85,508	62,540	22,968	–
The Company					
As at 31 December 2017					
Other payables	**523**	**523**	**523**	**–**	**–**
Convertible bonds	**21,569**	**22,968**	**1,398**	**21,570**	**–**
	22,092	**23,491**	**1,921**	**21,570**	**–**
As at 31 December 2016					
Other payables	528	528	528	–	–
Convertible bonds	20,062	24,366	1,398	22,968	–
	20,590	24,894	1,926	22,968	–

[1] Excluding advances from customers

25 Financial risk management (Cont'd)

25.4 Liquidity risk (Cont'd)

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

		Maturity analysis – Bank loans which contain a repayment on demand clause based on scheduled repayments			
The Group	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
As at 31 December 2017	**4,300**	**4,302**	**4,302**	**–**	**–**
As at 31 December 2016	15,139	15,538	14,057	1,481	–

26 Financial instruments

26.1 Carrying amounts and fair values

The carrying amounts of current borrowings approximate their fair value. The carrying amounts and fair values of non-current borrowings are as follows:

	The Group		The Company	
	Carrying amounts HK$'000	**Fair values HK$'000**	**Carrying amounts HK$'000**	**Fair values HK$'000**
31 December 2017				
Liability component of convertible bonds	**21,279**	**20,235**	**21,279**	**20,235**
Borrowings	**5,552**	**5,552**	**–**	–
31 December 2016				
Liability component of convertible bonds	19,867	18,460	19,867	18,460
Borrowings	16,271	16,271	–	–

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

26 Financial instruments (Cont'd)

26.3 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 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 2017				
Derivative component of convertible bonds	**–**	**–**	**290**	**290**
Warrants	**–**	**–**	**10**	**10**
	–	**–**	**300**	**300**
As at 31 December 2016				
Derivative component of convertible bonds	–	–	195	195
Warrants	–	–	69	69
	–	–	264	264

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), and Note 12 (Warrants).

There were no transfers between Level 1 and Level 3 in 2017 and 2016.

Valuation technique and significant unobservable inputs

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

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

The following table provides information about the sensitivity of the fair value measurement to changes in the most significant inputs:

Type	**Significant unobservable input**	**Sensitivity of the fair value measurement to input**
Derivative component of convertible bonds	Increase/(decrease) of 1% credit spread	There would be an increase/(decrease) in fair value by HK$33,000/(HK$34,000)
Warrants	Increase/(decrease) of 1% dividend yield	There would be a (decrease)/ increase in fair value by (HK$Nil)/HK$Nil

26 Financial instruments (Cont'd)

26.3 Fair value hierarchy (Cont'd)

Financial instruments measured at amortised cost

Bank loans

At the reporting date, the carrying amounts of bank loans approximate their fair values.

Convertible bonds

The reconciliation of the carrying amount of financial instruments measured at amortised cost is disclosed in Note 11 (liability component of convertible bonds).

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) approximate their fair values because of the short period to maturity.

27 Capital management

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

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

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

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

The Company is not subject to externally imposed capital requirements.

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

	The Group		The Company	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade and other payables (Note 13)	**16,615**	45,767	**523**	528
Borrowings (Note 14)	**5,552**	16,271	**–**	–
Convertible bonds (liability component) (Note 11)	**21,279**	19,867	**21,279**	19,867
Total debt	**43,446**	81,905	**21,802**	20,395
Less: Cash and cash equivalents (Note 8)	**(9,262)**	(39,262)	**(731)**	(1,527)
Net debt	**34,184**	42,643	**21,071**	18,868
Equity attributable to owners of the Company	**39,664**	45,748	**37,923**	30,819
Total capital and net debt	**73,848**	88,391	**58,994**	49,687
Gearing ratio	**46%**	48%	**36%**	38%

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 2017 ("**FY2017**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**2012 Code**"). The Company has complied with the principles and guidelines as set out in the 2012 Code, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the 2012 Code. The Company did not adopt any alternative corporate governance practices in FY2017.

BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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 Management remains accountable to the Board. The Board oversees the affairs of the Group and focuses on strategies and policies, with particular attention paid to growth and financial performance. The Board delegates the formulation of business policies and day-to-day management to the Executive Director. The Board is responsible for:

1. providing entrepreneurial leadership, setting strategic aims, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
2. establishing a framework of prudent and effective controls which enables risk to be assessed and managed, 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 and full-year result announcements.

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 management personnel, material acquisitions and disposals of 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. The Board also delegates, without abdicating its responsibility, certain of its functions to the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**") and the functions of each Board Committee are described separately under the various sections of each Board Committee below. Each Board Committee has its own defined terms of reference and procedures. These terms of reference are reviewed annually, along with the structure and membership of the Board Committees, to ensure their continued relevance.

The Board is scheduled to meet at least twice a year 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.

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 FY2017, 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 Listing Manual Section B: Rules of the Catalist (the "**Catalist Rules**") of the SGX-ST, from time to time.

The number of Board and Board Committee meetings held in respect of FY2017 and the attendance of the Directors are set out in the table below:

Directors' Attendance at Board and Board Committee Meetings								
	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Cheung King Kwok	2	2	3	3	1	1	1	1
Ong Chor Wei	2	2	3	3	1	1	1	1
Lau Chor Beng, Peter	2	2	NA	NA	NA	NA	NA	NA
Kwok Chin Phang	2	2	NA	NA	NA	NA	NA	NA
Lim Siang Kai	2	2	3	3	1	1	1	1

NA = Not Applicable

There were no new Directors appointed during FY2017. 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. Directors and key management personnel also undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. Other forms of training include briefings on corporate governance practices and training in accounting, legal and industry-specific knowledge.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises:

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

The Board, taking into account the nature and scope of the Group's operations and the impact of the number of Directors upon effectiveness in decision making, is of the view that the current board size of five (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.

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 none of the Independent Non-Executive Directors have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company. The Independent Non-Executive Directors have also confirmed their independence in accordance with the 2012 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.

The Board's policy in identifying Director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The current composition of the Board provides diversity in terms of skills, experience and knowledge. The current Board consists of Directors with relevant skills in the following areas: accounting or finance, business management, business administration, business consulting, product development, corporate finance, audit, compliance and risk management. Furthermore, each Director has relevant qualifications and experience in their respective field of expertise. Key information on 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 the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

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. 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 FY2017.

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 2012 Code. The Independent Non-Executive Directors, namely, Mr Cheung King Kwok and Mr Lim Siang Kai have served beyond nine (9) years from the date of their first appointment. Mr Cheung King Kwok and Mr Lim Siang Kai were appointed on 21 December 2007. Pursuant to the guidelines of the 2012 Code, the Board has subjected the independence of the Directors to rigorous review. In doing so, the Board has taken into account the need for progressive refreshing of the Board, and they are of the view that Mr Cheung King Kwok and Mr Lim Siang Kai have demonstrated strong independent character and 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 above-mentioned review process in establishing their independence.

PRINCIPLE 3: CHAIRMAN AND MANAGING DIRECTOR

The Independent Non-Executive Chairman and the Managing Director are separate persons and are not immediate family members. 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.

The responsibilities of the Independent Non-Executive Chairman include the following:

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, timely, accurate and clear information;

4. ensuring effective communication and preserving harmonious relations 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;

7. promoting high standards of corporate governance and ensuring the Group's compliance with the 2012 Code; and

8. acting in the best interest of the Group and the shareholders.

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

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.

PRINCIPLE 4: BOARD MEMBERSHIP

PRINCIPLE 5: BOARD PERFORMANCE

The members of the NC are as follows:

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 2017. 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:

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

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

3. reviewing of the Board's succession plans for Directors, in particular, the Independent Non-Executive Chairman and the Managing Director;

4. reviewing the training programs and professional development programs for the Directors;

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

6. assessing the effectiveness of the Board as a whole, the effectiveness of the Board Committees and the contribution of each Director to the effectiveness of the Board.

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

New Directors are appointed by way of a Board resolution, after the 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 provided that no Director holding office as Managing Director or a person holding an equivalent position shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. 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
Kwok Chin Phang	13 May 2011	29 April 2015	✓
Lim Siang Kai	21 December 2007	28 April 2016	✓

Kwok Chin Phang is currently a substantial shareholder of the Company holding approximately 6% interest in the shares of the Company. Kwok Chin Phang has no relationship with the other Directors, the Company and its 10% shareholders.

Lim Siang Kai has no relationship with the other Directors, the Company and its 10% shareholders.

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 Kwok Chin Phang 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 Kwok Chin Phang will remain as a Non-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 NC Chairman, the RC 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.

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 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.

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

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole 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 appraisal process focuses on a set of performance criteria which includes, *inter alia*, the evaluation of the following: (a) Board's composition and size; (b) Board's processes; (c) risk management and internal control; (d) Board's effectiveness to meet its performance objectives for the relevant financial year and financial performance indicators; (e) recruitment process; (f) remuneration framework; and (g) financial reporting responsibility. Such performance criteria are approved by the Board and they address how the Directors have collectively enhanced long-term shareholders' value. A Board evaluation is conducted annually whereby Directors completed a self-assessment checklist based on the abovementioned various areas of assessment to assess their views on various aspects of Board's, Board Committees' and individual Director's performance. The Company Secretary collated and submitted the questionnaire results to the NC Chairman. The NC then discussed the results of the assessment, and 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 FY2017.

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 FY2017, and is of the view that the Board and its individual Directors have met their performance objectives.

PRINCIPLE 6: ACCESS TO INFORMATION

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

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

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

Corporate Governance Report

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

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

REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The RC comprises the following Directors:

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 AC is scheduled to meet at least once a year and had convened a meeting on 27 February 2017. 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 management personnel. No remuneration consultants were engaged in FY2017.

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 management personnel, 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. 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.

As part of its review, the RC shall consider:

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

2. the remuneration packages of the Executive Director and key management personnel are comparable to companies in same or similar industries. If appropriate, a proportion of Executive Director's and key management personnels' 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 management personnel so that their interests are aligned with the interests of shareholders, and give the Executive Director and key management personnel 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;

3. 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;

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

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

The Company adopts a formal and transparent procedure for developing a policy for fixing remuneration packages of the Executive Director and key management personnel. 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 management personnel.

The Executive Director does not receive Directors' fees. The remuneration policy for Executive Director and key management personnel consists of salary, bonus, pension fund contributions and benefits-in-kind. The remuneration received by the Executive Director and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2017. The performance conditions used to determine the entitlement of the Executive Director and key management personnel under short-term incentive scheme (such as bonus) and long-term incentive scheme (such as the Joyas Share Option Scheme) comprises of qualitative and quantitative conditions. Examples of quantitative conditions are target revenue, target profit, sales growth and years of service. Examples of qualitative conditions are on-the-job performance, leadership, teamwork, etc.. The performance conditions are set by RC. The inclusion of the performance conditions in the service agreements of the Executive Director and key management personnel are done in a review conducted prior to the renewal of the service agreements of the Executive Director and key management personnel. There was no variable remuneration paid to Executive Director and key management personnel in FY2017. However, the RC has reviewed the performance of the Executive Director and key management personnel for FY2017, and notwithstanding that FY2017 had been loss-making, the RC is of the view that their performances have been satisfactory.

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 meetings, time spent and responsibilities of Directors are taken into account. The Board recommends payment of such Directors' fees to be approved by shareholders as a lump sum payment at each AGM of the Company.

The Executive Director is paid in accordance with his service agreement. This service agreement is not excessively long and it does not have onerous removal clauses. The Executive Director or the Company may terminate the service agreement by giving to the other party not less than three (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 avoids rewarding poor performance, if any.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Director and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses (if any) based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual performance of its Executive Director and key management personnel, "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$'000	Directors' Fees HK$'000*	Percentage of Variable Remuneration %	Percentage of Fixed Remuneration (including Directors' Fees) %	No. of Share Options granted as at 31 December 2017 (Exercise Price#) '000
Executive Directors					
Lau Chor Beng, Peter	–	–	–	–	–
Non-Executive Directors					
Cheung King Kwok	–	142	–	100	9,500
Ong Chor Wei	–	120	–	100	3,000
Kwok Chin Phang	–	120	–	100	19,000
Lim Siang Kai	–	126	–	100	9,500

* The remuneration in the form of Directors' fees is subject to the approval of the shareholders 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 Management Personnel

The remuneration of the key management personnel (who are not also Directors) consists of their salary, bonus, MPF and benefits-in-kind. The details of their remuneration packages are set out below. For competitive reasons, the Company is only disclosing the band of remuneration of each key management personnel.

	Percentage of Variable Remuneration %	Percentage of Fixed remuneration %
Key Management Personnel **Below S$250,000**		
Lui Mui Ching	–	100
Wang De Zhou	–	100

In aggregate, the remuneration of the key management personnel set out in the table above for FY2017 was approximately HK$420,000.

There were no termination, retirement and post-employment benefits that may be granted to Directors, the Managing Director and the key management personnel in FY2017.

There are no employees who are immediate family members of any Director or the Managing Director and whose remuneration exceeded S$50,000 during FY2017.

Corporate Governance Report

Joyas Share Option Scheme

The Company has adopted a share option scheme known as the Joyas Share Option Scheme (the "**Scheme**") which was approved by shareholders of the Company on 21 December 2007 and is administered by the RC, which comprise Lim Siang Kai (Chairman), Cheung King Kwok and Ong Chor Wei.

The duration of the Scheme was 10 years from the date that it was adopted. The Scheme had lapsed on 21 December 2017 and had since been discontinued.

		Aggregate No. of Share Options		
Name of Participant	**Share Options Granted from 1 January 2017 to 21 December 2017**	**Granted since commencement of the Scheme to 21 December 2017**	**Exercised since commencement of the Scheme to 21 December 2017**	**Outstanding as at the end of FY2017**
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

Save as disclosed above, there were no share options granted under the Scheme to Directors, and controlling shareholders of the Company and their associates from 1 January 2017 to 21 December 2017, and since the commencement of the Scheme to 21 December 2017. No participant has received 5% or more of the total number of share options available under the Scheme from 1 January 2017 to 21 December 2017, and since the commencement of the Scheme to 21 December 2017.

There were no share options granted from 1 January 2017 to 21 December 2017. As at 31 December 2017, there were 41,000,000 outstanding share options in respect of unissued shares of the Company.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board reviews legislative and regulatory compliance reports from the 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 provides the Board with a continual flow of relevant information on a timely basis in order for the Board to effectively discharge its duties. All members of the Board are provided with up-to-date financial reports and other information on the Company's performance for effective monitoring and decision making.

The Management also highlighted key business indicators and major issues that are relevant to the Company's performance from time to time in order for the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 12: AUDIT COMMITTEE

PRINCIPLE 13: INTERNAL AUDIT

The AC comprises the following Directors:

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 three (3) meetings on 27 February 2017, 1 March 2017 and 11 August 2017. The AC is regulated by a written set of terms of reference and performs, *inter alia*, the following functions:

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 the adequacy and effectiveness of the Company's internal audit function;

4. reviewing the audit plans of the Company's external auditors, the results of their examination, their evaluation of the system of internal accounting control and audit cost effectiveness;

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

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

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

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

9. reviewing interested person transactions.

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

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. At least two (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 12 months and none of the AC members hold any financial interest in the Company's existing external auditing firm or existing external auditing corporation.

During FY2017, 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.

The Company's external auditors have full access to the AC. 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 FY2017, the AC did not receive any whistle-blowing report. The AC has express power to commission investigations into any matter, which has or is likely to have material impact on the Group's operating results or financial results.

For FY2017, the AC met once with the Company's external auditors and internal 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 FY2017, 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 HLB Hodgson Impey Cheng Limited and Foo Kon Tan LLP for the purpose of consolidating the financial statements of the Group. In FY2017, 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 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 FY2017, 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.

The AC assesses the independence of the Company's external auditors annually. The aggregate amount of fees paid to the Company's external auditors (HLB Hodgson Impey Cheng Limited, Hong Kong, Foo Kon Tan LLP, Singapore and H.C. Wong & Co., Hong Kong), for FY2017 was:

	HK$'000
Audit fees	810
Non-audit fees	–
Total fees	810

There were no non-audit fees paid in FY2017.

The AC is satisfied with the independence of the Company's external auditors and had accordingly recommended the re-appointment of HLB Hodgson Impey Cheng Limited and Foo Kon Tan LLP as the Company's external auditors.

For internal audit work relating to FY2017, the Company has appointed David Ho & Company to carry out a review of the written documentation and procedures on the current internal control system and policy in respect of (i) interested party transactions and related party transactions identification, recording and documentations;(ii) transactions with possible conflict of interest of directors, the disclosure, approval and recording procedures; and (iii) internal control policy and procedures of the financing activities and to review the effectiveness of the internal controls of certain cycles of the Group's financing activities.. David Ho & Company primarily reports to the AC Chairman, and administratively to the Managing Director. David Ho & Company also has unrestricted access to the documents, records, properties and personnel of the Company and of the Group, including access to the AC. The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. David Ho & Company is a member of the Institute of Internal Auditors and the internal audit work carried out by David Ho & Company is guided by the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. David Ho & Company communicated their findings to the Management over the course of the internal audit. Key areas for improvement were highlighted and prioritised. David Ho & Company did not find any major shortcoming in the system of internal controls of the Group which suggest that the internal controls of the Group are inadequate. David Ho & Company has completed its internal audit work relating to FY2017.

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

The Board, with the assistance of the AC, has undertaken an annual assessment to review the Company's business and operation activities in FY2017 on the adequacy and effectiveness of the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks. The assessment considered issues dealt in the Company's external auditors' and internal auditors' reviewed by the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2017. In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group are exposed to, as well as an understanding of what counter measures and internal controls are in place to manage them. There were no significant internal control weaknesses arising from the annual assessment undertaken in FY2017. The Board is of the opinion that a separate risk committee is not necessary for carrying out its responsibilities of overseeing the Group's risk management framework and policies at this time.

In respect of FY2017, the Board has also received assurances from the Managing Director and the Accounting Manager as well as the Company's internal auditors that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and the Group's risk management systems and internal control systems are adequate and effective.

Based on the framework of risk management and internal controls established and maintained by the Group, work performed by the Company's external auditors, work performed by the Company's internal auditors to-date, annual review performed by the Management, the AC and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls as well as the risk management systems, were adequate and effective as at 31 December 2017.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDER RIGHTS

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Company recognises the need to communicate regularly, effectively and fairly with shareholders on all material matters affecting the Group and does not practice selective disclosure. In this respect, the Board presents a balanced and understandable assessment of the Group's performance, position and prospects and such responsibility extends to price sensitive announcements, including half-year and full-year results and reports to regulators, if any, all of which are released through SGXNET. All press releases are announced through SGXNET before they are published. Where there is inadvertent disclosure made to a selected group, the Company ensures that the same is disclosed publicly to all 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. Shareholders are also given the opportunity to air their views and ask questions regarding the Group and its business at AGMs and general meetings of the Company. 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.

Apart from 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 protectively 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'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. 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.

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

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

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

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

The Company does not have a dividend policy. As the Company's current priority is to achieve long-term growth for the benefit of its shareholders, the income of the Group shall therefore be retained for investment into the future. As such, no dividends are paid for FY2017. The Board would consider establishing a dividend policy at the appropriate time.

The Company does not have a corporate website at the moment. A dedicated and well-maintained investor relations website will be created together with the corporate website when operational needs requires. The Company currently does not have 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. This role is currently performed by the Directors. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

DEALINGS IN SECURITIES

In compliance with 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 results until the date of the release of the announcement, or if they are in possession of unpublished price-sensitive information of the Company. In addition, Directors, key management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The Directors and all officers are required to notify the Company of any dealings in the Company's securities (during the open window period) and within two (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 FY2017 or if not subsisting, were entered into during FY2017.

RISK MANAGEMENT

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

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

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transaction with interested 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 FY2017.

USE OF NET PROCEEDS

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

The Group has fully utilised the net proceeds of approximately S$5.03 million from the Rights Issue as set out as below:

Use of net proceeds	Amount of net proceeds allocated S$'000	Amount utilised to date S$'000	Amount unutilized to date S$'000
Funding the Financing Business of the Company	4,023	4,023	–
General working capital	1,006	1,006[1]	–
Total	5,029	5,029	–

[1] The amount of net proceeds utilised for general working capital was used for administrative expenses (approximately S$1,006,000).

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

NON-SPONSORSHIP FEES

For FY2017, there were no non-sponsorship fees paid to the sponsor, PrimePartners Corporate Finance Pte. Ltd..

Sustainability Report

for the Financial Year ended 31 December 2017

This is the first Sustainability Report issued by Joyas International Holdings Limited (the "**Company**") for our Group for the financial year ended 31 December 2017 ("**FY2017**"). This Sustainability Report focuses on environmental, social and governance ("**EGS**") factors, 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 is guided by the International Integrated Reporting Council Framework ("**IIRC Framework**"). As this is the first year that our Company is issuing this Sustainability Report, we have taken the phased approach as described in Practice Note 7F: Sustainability Report Guide as specified in the Catalist Rules of the SGX-ST. We endeavour to progressively develop our sustainability reporting both in quality and depth in the years to come.

The following sections discuss the material ESG factors we have discovered. Our Group's business comprises financial services and nickel ore trading which are based in Singapore and Hong Kong. During FY2017, we were principally engaged in the provision of financial services and our nickel ore trading business was dormant. As such, this Sustainability Report only discusses the ESG factors relating to our financing business.

1. Environmental

a. Energy Consumption

As we are principally engaged in the provision of financial services, our business is office-based and therefore we do not generate any hazardous wastes. We do not own any vehicles, and thus we do not have associated emissions in relation to gaseous fuels. We recognise that both Singapore and Hong Kong possess excellent public transport infrastructure, and we encourage our employees to travel by public transport as often as practicable, in order to avoid emissions of gaseous fuels.

We generate greenhouse gases indirectly through the use of electricity for our office. However, since our business is lean and has adopted environmentally-friendly installations and fixtures, the amount of electricity consumed during FY2017 was minimal, and thus the associated amount of greenhouse gases generated was also insignificant. We are committed to continue to adopt an environmentally-friendly approach to our operations, whenever practicable, and will endevour to build and maintain a responsible and environmentally-friendly office environment in accordance with our green policies as outlined thereon.

We are aware that our use of electricity, and in particular, electricity consumed for air-conditioning, has an effect on global warming. Whenever possible, we will encourage our employees to adjust the air-conditioner to an appropriate temperature to maximise energy efficiency and to minimise our consumption of electricity. We will also encourage our employees to turn off their monitors and computers when they leave the office either during office hours for a meeting or at the end of the day, to reduce indoor temperature caused by dissipated heat of electrical appliances and energy wastage from unutilised equipment.

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, amongst others:

- A paperless office 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;
- Turning-off electrical appliances and lighting when not in use after office hours;
- Reducing waste generated by re-using, recycling and replacing materials;
- Buying energy-efficient electrical appliances;
- Using LED lights to save electricity on lighting; and
- Monitoring the temperature of air-conditioners to avoid over-cooling the work environment.

Although the supply of water in Singapore and Hong Kong is affordable and of high quality, water is nevertheless a precious resource and we are exploring various measures to encourage our employees to conserve the use of water, such as re-using greywater for watering plants, whenever appropriate.

We recognise that the use of electricity could be significantly reduced if we take measures to turn-off electrical appliances whenever they are not in use. Therefore, we adopt a policy that all electrical appliances, save for the refrigerator and a few other critical equipment which power must be maintained, to be turned-off after office hours. This ensures that no idle electrical appliances consumes power, which minimises energy wastage. Additionally, our policy also specifies that the procurement of electrical appliances must take into account their energy efficiency (expressed as an energy rating for the consumers' reference). Therefore, we elected to install LED lightings as they offer high energy efficiency, and a refrigerator for our employees' use with "Good" rating of Energy Label, part of a scheme administered by the Electrical and Mechanical Services Department of Hong Kong.

Generally, we only dispose of the 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 the electricity and 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. 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.

b. Whistle-blowing Policy

The whistle-blowing policy adopted by our Company provides a reporting channel for our employees and any other person to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence to our Audit Committee. After receiving a whistle-blowing report, our Audit Committee will investigate the matter using internal and/or external parties as required. Employees found to have breached our whistle-blowing policy may be subject to termination of contract, dismissal or criminal proceedings initiated by the relevant authorities. In FY2017, our Audit Committee 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 endevour 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 reputed 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.

3. Social

a. Career Development

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 will adjust 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 will consider setting a goal on the amount of CPD hours our employees have to achieve each year in the future.

In the case of any vacancy, we give strong preference to our current employees for promotion, and we generally only recruit external talents when such internal promotion is not feasible or such external talent is more beneficial to the development of our Group as a whole.

b. Employee Welfare

We take the welfare and well-being of our employees seriously. 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. In metropoles like Singapore and Hong Kong where the pace of life is intense, and we maintain a policy that balances work and life in order for our employees to have a healthy physique and clear mind to excel at work.

c. Health and Safety

We comply with all relevant laws and regulations in Singapore and Hong Kong for occupational health and safety. As we are primarily an office-based business, we are aware that our employees spend considerable time in the office. To improve the health and safety of our office employees, we take great care in the interior design of our office. In order to promote healthy working postures, ergonomic working stations are implemented to mitigate injuries related to using work stations over extended periods.

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, to ensure that no forced or child labour or other persons ineligible for employment are employed.

In the unlikely event that any employee is found to be ineligible for employment, for example identity or other documents provided by such employees is found to be false, that employee's employment would be terminated immediately and he/she would be referred to relevant authorities.

e. Equal Opportunity Employment

Our recruitment team selects talents based on their attitude, education level, working experience and merit. We are committed to provide an equal and diverse workplace where no employees would be discriminated due to their race, religion, age or gender. We sincerely hope that our employees can strive to achieve excellence and reach their full potential in a workplace free from harassment and discrimination. When we openly pronounce to our employees in the unfortunate case that any of them are treated unfairly or harassed, they should report to the senior management and dedicated human resource personnel will investigate the matter and take appropriate action.

f. Community Investment

We believe that investing in the community is an important way to give back to the society and we are keen on playing our part as a corporate citizen. We will actively consider involving our management and employees in the organisation and/or participation in community activities, and to contribute in monetary terms in the future.

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 Company. We will strive to maintain the standards of the various ESG factors reported and improve them, whenever practicable, in accordance with the business activities of the Group, in the future.

Shareholding Statistics

As at 29 March 2018

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 29 March 2018, 20.69% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist issued by the Singapore Exchange Securities Trading Limited is complied with.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	10	1.10	162	0.00
100 – 1,000	152	16.78	147,213	0.01
1,001 – 10,000	259	28.59	1,324,900	0.07
10,001 – 1,000,000	418	46.14	89,209,486	4.66
1,000,001 AND ABOVE	67	7.39	1,823,095,212	95.26
Total	**906**	**100.00**	**1,913,776,973**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	JOYAS INVESTMENTS GROUP LIMITED	842,951,466	44.05
2	REACH WIN LIMITED	560,000,000	29.26
3	KWOK CHIN PHANG	114,766,000	6.00
4	RAFFLES NOMINEES (PTE) LIMITED	34,655,700	1.81
5	LIM MUI CHOO	20,000,000	1.05
6	OCBC SECURITIES PRIVATE LIMITED	17,880,000	0.93
7	ANG KIAN KOK	17,417,900	0.91
8	PHILLIP SECURITIES PTE LTD	17,010,500	0.89
9	LIM KIAN HONG (LIN JIAN HONG)	15,500,000	0.81
10	TAN LYE SENG	11,367,300	0.59
11	FRANCIS LEE FOOK WAH	10,597,346	0.55
12	KOH YEW CHOO	9,152,000	0.48
13	SHEN FUYU	8,400,000	0.44
14	LOO BEE KENG	8,305,600	0.43
15	DBS NOMINEES (PRIVATE) LIMITED	7,499,000	0.39
16	ONG PENG WAI (WANG BINGWEI)	6,000,000	0.31
17	MANOHAR P SABNANI	5,250,000	0.27
18	SEAH KHOON POH	5,000,100	0.26
19	LIM SENG CHIANG	5,000,000	0.26
20	LIN LIXIN	5,000,000	0.26
	TOTAL	**1,721,752,912**	**89.95**

Shareholding Statistics

As at 29 March 2018

SUBSTANTIAL SHAREHOLDERS

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

Notes:-

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

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

Lau Chor Beng, Peter, holds 59.10% interest in Joyas Investments Group Limited, is deemed to have an interest in the shares 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, together with 5,600,000 shares held by his nominee, Royal Bank of Canada (Singapore Branch), is deemed to have an interest of 565,600,000 shares in the issued and paid-up share capital of the Company.

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

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Joyas International Holdings Limited (the "**Company**") will be held at 1 Robinson Road, #18-00 AIA Tower, Singapore 048542 on 26 April 2018 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the published financial statements of the Company for the financial year ended 31 December 2017 together with the Directors' report and external auditors' report thereon. **(Ordinary Resolution 1)**

2. To approve the payment of Directors' fees of HK$507,600 for the financial year ending 31 December 2018 (2017: HK$537,000). **(Ordinary Resolution 2)**

3. To re-elect Mr Kwok Chin Phang who is retiring pursuant to Bye-Law 104 of the Company's Bye-Laws.

   Mr Kwok Chin Phang, will upon re-election as a Director of the Company, remain as a Non-Executive Director of the Company. Information of Mr Kwok Chin Phang can be found on page 9 of the Annual Report. **(Ordinary Resolution 3)**

4. To re-elect Mr Lim Siang Kai who is retiring pursuant to Bye-Law 104 of the Company's Bye-Laws.

   Mr Lim Siang Kai, will upon re-election as a Director of the Company, remain as an Independent Non-Executive Director of the Company. He will also remain as the Nominating Committee Chairman, the Remuneration Committee Chairman and a member of the Audit Committee. He is considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Information of Mr Lim Siang Kai can be found on page 9 of the Annual Report. **(Ordinary Resolution 4)**

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

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

AS SPECIAL BUSINESS

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

7. Authority to allot and issue Shares and/or Instruments

"**THAT**, pursuant to the Company's Bye-Laws and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

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

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

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

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

provided that:

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

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

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

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

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

Notice of Annual General Meeting

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

(4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (i)] **(Ordinary Resolution 6)**

By Order of the Board

Gwendolyn Gn Jong Yuh
Lui Mui Ching
Company Secretaries
Singapore, 10 April 2018

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors of the Company to allot and issue Shares, make or grant Instruments convertible into Shares and to allot and issue Shares pursuant to such Instruments. The aggregate number of Shares (including Shares to be allotted and issued in pursuant to the Instruments made or granted pursuant to Ordinary Resolution 6) shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing Ordinary Resolution 6. For allotment and issue of Shares, making or granting Instruments convertible into Shares and allotment and issue of Shares pursuant to such Instruments other than on a *pro rata* basis to all shareholders of the Company, the aggregate number of Shares including Shares to be allotted and issued in pursuant to the Instruments made or granted pursuant to Ordinary Resolution 6 shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company. The authority conferred by Ordinary Resolution 6 will, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

Notes:

1. Save for the Depository (as defined in Section 81SF of the Securities and Futures Act, Cap. 289 of Singapore) which may appoint more than two (2) proxies, a member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies to attend and vote on his/her/their behalf. Where such member's Proxy Form (including the Depository's Proxy Form) appoints more than one (1) proxy, the appointments shall be invalid unless he/she/it specifies the number and class of shares in relation to which each proxy has been appointed in the Proxy Form.

2. A proxy need not be a member of the Company.

3. The Proxy Form must be deposited at the office of the Company's Singapore Registrar & Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time fixed for holding the AGM of the Company.

4. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his/her attorney duly authorised. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

Personal data privacy:

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

J O Y A S
INTERNATIONAL HOLDINGS LTD.
(a company incorporated in Bermuda with limited liability)