ANNUAL REPORT 2015

INNOVATION DESIGNS OF THE HIGHEST QUALITY

JOYAS INTERNATIONAL HOLDINGS LTD.

(a company incorporated in Bermuda with limited liability)

JOYAS INTERNATIONAL HOLDINGS LTD.

CONTENTS

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

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

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Lau Chor Beng, Peter (Chairman and Managing Director) Ong Chor Wei (Deputy Chairman and Non-Executive Director) Kwok Chin Phang (Non-Executive Director) Cheung King Kwok (Lead Independent Non-executive Director) Lim Siang Kai (Independent Non-executive Director)
COMPANY SECRETARY	:	Gwendolyn Gn Jong Yuh, LLB (Hons)
DEPUTY COMPANY SECRETARY	:	Lui Mui Ching, BCom, CPA (Aust.), CPA
BERMUDA RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY	:	Appleby Services (Bermuda) Ltd. Canon's Court, 22 Victoria Street Hamilton HM12, Bermuda
AUDIT COMMITTEE	:	Cheung King Kwok (Chairman) Ong Chor Wei Lim Siang Kai
NOMINATING COMMITTEE	:	Cheung King Kwok (Chairman) Ong Chor Wei Lim Siang Kai
REMUNERATION COMMITTEE	:	Lim Siang Kai (Chairman) Cheung King Kwok Ong Chor Wei
REGISTERED OFFICE	:	Canon's Court, 22 Victoria Street Hamilton HM12, Bermuda
PRINCIPAL PLACE OF BUSINESS	:	Unit E, 12th Floor Kwai Shing Industrial Building, Phase 2 Nos. 42-46 Tai Lin Pai Road Kwai Chung, New Territories, Hong Kong Tel: (852) 2742 7667 Fax: (852) 2742 7666
REGISTRATION NUMBER	:	38991
SINGAPORE SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
BERMUDA PRINCIPAL REGISTRAR AND TRANSFER AGENT	:	Appleby Management (Bermuda) Ltd. Canon's Court, 22 Victoria Street Hamilton HM12, Bermuda
JOINT AUDITORS	:	BDO Limited Certified Public Accountants 25/F., Wing On Centre 111 Connaught Road Central Hong Kong Partner-in-charge : Mr. Lo Ngai Hang (Appointment since FY2015) BDO LLP Public Accountants and Certified Public Accountants 21 Merchant Road #05-01 Singapore 058267 Partner-in-charge : Ms. Koh Yen Ling (Appointment since FY2012)

LEGAL ADVISORS TO THE COMPANY ON HONG KONG LAW	:	Vincent T. K. Cheung, Yap & Co. 11th Floor, Central Building 1-3 Pedder Street, Central Hong Kong
LEGAL ADVISERS TO THE COMPANY ON BERMUDA LAW	:	Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong
PRINCIPAL BANKERS	:	Chong Hing Bank Limited 18/F., Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong

STATEMENT OF THE CHAIRMAN

On behalf of the Board of Directors (the "**Board**"), I am pleased to present to you the Annual Report of Joyas International Holdings Limited ("**Joyas Int'l**", or the "**Company**") for the financial year ended 31 December 2015 ("**FY2015**").

In FY2015, Joyas Int'l and its subsidiaries (together the "**Group**") recorded higher revenue of approximately HK$93.6 million, increasing by approximately HK$11.7 million or 14.2% as compared with the financial year ended 31 December 2014 ("**FY2014**"). The higher sales was attributable to (a) the Group commenced trading of nickel ore in FY2015. Sale of nickel ore in the People's Republic of China (including Hong Kong) (the "**PRC (including HK)**") amounted to approximately HK$28.1 million during the year; and (b) increase in sale of jewellery products by approximately HK$0.4 million or 2.0% mainly due to increase in demand from existing and new customers in the PRC (including HK). The increase in sales of nickel ore and jewellery products was partially offset by a decrease in sales of metal gift products by approximately HK$16.9 million or 28.0%. Cost of sales increased by 16.3% compared with FY2014 due mainly to (a) purchases of nickel ore of approximately HK$25.2 million in FY2015; and (b) higher write-down of inventories of approximately HK$5.7 million in FY2015 (FY2014: HK$4.2 million) due to slow moving inventories. Accordingly, overall gross profit decreased by approximately HK$684,000 or 10.9%. Overall gross profit margin declined from 7.6% in FY2014 to 6.0% in FY2015 mainly attributable to lower profit margin of the jewellery business and the metal gift business.

During FY2015, compared to FY2014, other income decreased by approximately HK$14.5 million or 90.9% mainly attributable to the absence of the gain on disposals of property, plant and equipment and investment properties that was generated in FY2014. Selling and distribution costs also decreased by approximately HK$0.9 million or 32.5% due mainly to the downsizing of staff for the metal gift products sector and cutting cost of advertising and exhibition. However, administrative expenses increased by approximately HK$2.9 million or 25.6% mainly attributable to increase of legal and professional fees in relation to the various fund raising activities by the Company during the year. Other operating expenses increased by approximately HK$3.3 million from approximately HK$23,000 in FY2014 due mainly to the loss on disposal of property, plant and equipment in particular machineries and moulds in metal gift operations of approximately HK$3.2 million as they were no longer used. Finance costs also increased by approximately HK$1.0 million or 92.3% due to interest arising from the issue of convertible bonds in FY2015 and increase in bank and other borrowings in FY2015. As a result, the Group recorded a loss before income tax of approximately HK$14.5 million in FY2015 compared to a profit before income tax of approximately HK$6.8 million in FY2014.

OUTLOOK

Metal gift products and jewellery products

With flagging economic recovery in the United States and in the Euro zone, the Group expects sales to remain weak in the next 12 months.

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

Nickel ore

As at 31 December 2015, the Group has received 1.0 million tons (equivalent to approximately USD50.0 million, based on the market price of nickel ore as at 31 December 2015) of orders on hand for nickel ore.

As disclosed in the Company's announcement dated 20 January 2016, there had been unforeseen delays experienced by its nickel ore supplier (the "**Supplier**") in receiving relevant approvals for exporting from the relevant authorities in relation to the Group's shipments of nickel ore (the "**Export Approvals**").

In view of the unforeseen delays of the Supplier receiving such Export Approvals, the Group's shipments of its nickel ore orders (the "**Nickel Ore Orders**") are consequently expected to be delayed. The Supplier has indicated that it may receive the Export Approvals from the relevant authorities within the next three months. Save for the delivery schedule, the Group does not expect the Group's Nickel Ore Orders to be affected by the abovementioned delays.

The Group expects the nickel distribution and trading business to be a major contributor to its revenues and profit for the coming year due to the demand for nickel ore from the PRC and the limited number of countries in Asia which can supply nickel ore.

Financing business

Further to the Company's announcement dated 15 May 2015, the Group is in the process of acquiring a company with a money lenders' license instead of applying the money lenders' license for the financing business in order to lower costs. The Group plans to acquire the company in the next three months.

The Group expects the financing business to be able to contribute to the Company's revenue in the next 6-12 months.

APPRECIATION

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

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

Thank you.

Lau Chor Beng, Peter
Chairman
31 March 2016

FINANCIAL HIGHLIGHTS

	2015 HK$'000	2014 HK$'000
OPERATING RESULTS		
Revenue	**93,577**	81,930
Gross profit	**5,572**	6,256
(Loss)/Profit before income tax	**(14,533)**	6,832
(Loss)/Profit after income tax	**(14,593)**	6,566
Net (loss)/profit attributable to the owners of the Company	**(14,730)**	6,566
Return on total assets (%)	**(18.19)**	10.54
Return on equity (%)	**(62.94)**	24.88
EARNINGS PER SHARE (HK CENTS) –		
Basic and diluted	**(3.85)**	1.85
FINANCIAL POSITION		
Total assets	**80,984**	62,315
Total bank and other debts	**12,816**	6,958
Shareholders' equity	**23,405**	26,386
Debt to equity ratio (times)	**0.55**	0.26
CASH FLOWS		
Net cash used in operating activities	**(24,311)**	(6,436)
Cash and bank balances	**13,846**	15,923

FINANCIAL AND OPERATIONS REVIEW

OVERVIEW

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

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

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

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

PRODUCTS AND BRANDS

Metal Gift Products

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

(a) *Fashion accessories*

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

(b) *Desk top accessories*

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

(c) *Table top accessories*

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

(d) *Time items*

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

Jewellery Products

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

OPERATING RESULTS

Statement of Comprehensive Income

Revenue

The Group's revenue increased by approximately 14.2% from HK$81.9 million in FY2014 to approximately HK$93.6 million in FY2015.

Revenue	**FY2015**		FY2014		Year-on-year
	HK$'000	**%**	HK$'000	%	% change
Metal Gift Products	**43,398**	**46.4**	60,272	73.6	(28.0)
Jewellery Products	**22,094**	**23.6**	21,658	26.4	2.0
Nickel Ore	**28,085**	**30.0**	–	–	100.0
Total	**93,577**	**100.0**	81,930	100.0	14.2

The increase in sales was attributable to (a) the sale of nickel ore amounted to approximately HK$28.1 million in the People's Republic of China (including Hong Kong) (the "**PRC (including HK)**"); and (b) increase in sales of jewellery products by approximately HK$0.4 million or 2.0% to approximately HK$22.1 million in FY2015. The increase in sales of jewellery products was mainly due to increase in demand from existing and new customers from the Group's principal markets in the PRC (including HK).

The increase in sales of jewellery products and nickel ore was partially offset by a decrease in sales of metal gift products by approximately HK$16.9 million or 28.0% from approximately HK$60.3 million in FY2014 to approximately HK$43.4 million in FY2015. This was mainly due to decrease in sales in the PRC (including HK) by approximately HK$12.4 million or 44.2% as well as weaker demand from customers of other geographical locations.

Cost of sales and gross profit

Cost of sales increased by 16.3% from approximately HK$75.7 million in FY2014 to approximately HK$88.0 million in FY2015. The higher cost of sales was mainly due to (a) purchases of nickel ore for approximately HK$25.2 million in FY2015; and (b) higher write-down of inventories of approximately HK$5.7 million in FY2015 (FY2014: HK$4.2 million) due to slow moving inventories. The increase was partly offset by a decrease in subcontracting charge of approximately HK$1.0 million in FY2015 due to reduced metal gift product sales and lower depreciation charges of approximately HK$656,000 as a result of the increase in fully depreciated fixed assets.

The decline in the overall gross profit margin of the Group from 7.6% in FY2014 to 6.0% in FY2015 was mainly attributable to lower profit margin of the metal gift business and the jewellery business, offset by the profit margin from the newly acquired nickel ore trading business. For similar reasons, the Group's gross profit decreased by 10.9% from approximately HK$6.3 million in FY2014 to approximately HK$5.6 million in FY 2015.

Other income

Other income decreased by 90.9% from approximately HK$15.9 million in FY2014 to approximately HK$1.4 million in FY2015. The decrease was mainly attributed to the absence of the gain on disposals of property, plant and equipment of approximately HK$7.7 million and investment properties of approximately HK$7.9 million that was generated in FY2014. The decrease is partly offset by the gain of fair value of warrants of approximately HK$692,000 and exchange gains, net of approximately HK$399,000.

Selling and distribution costs

Selling and distribution costs decreased by 32.5% from approximately HK$2.9 million in FY2014 to approximately HK$2.0 million in FY2015. The decrease was mainly attributed to the decrease in staff related expenses as a result of the downsizing of staff for the metal gift products sector and lower costs of advertising and exhibition due to the implementation of cost cutting measures.

Administrative expenses

Administrative costs increased by 25.6% from approximately HK$11.4 million in FY2014 to approximately HK$14.3 million in FY2015. The increase was mainly attributed to increase of legal and professional fees of approximately HK$2.2 million in relation to the various fund raising activities by the Company during the year.

Other operating expenses

Other operating expenses increased by approximately HK$3.3 million from approximately HK$23,000 in FY2014 to approximately HK$3.3 million in FY2015. The increase was mainly due to the loss on disposal of property, plant and equipment in particular machineries and moulds in metal gift operations of approximately HK$3.2 million as they were no longer used.

Finance costs

Finance costs increased by 92.3% from approximately HK$1.0 million in FY2014 to approximately HK$2.0 million in FY2015 due to interest arising from the issue of convertible bonds in FY2015 and increase in bank and other borrowings in FY2015.

(Loss)/Profit before income tax

The Group had recorded a loss before income tax of approximately HK$14.5 million in FY2015 and a profit before income tax of approximately HK$6.8 million in FY2014. The loss was mainly attributed to (a) higher write down of inventories; (b) higher legal and professional fees; (c) disposals of property, plant and equipment; and (d) the absence of gains on disposal of investment properties and property, plant and equipment in FY2015 (FY 2014: HK$15.6 million).

Income tax expense

Income tax expense of of approximately HK$60,000 was provided for the Hong Kong subsidiaries in FY2015 (FY2014: HK$266,000).

Statement of Financial Position

Non-current assets

Non-current assets decreased by approximately HK$3.9 million from approximately HK$12.5 million as at 31 December 2014 to approximately HK$8.7 million as at 31 December 2015. The decrease was mainly due to disposals of property, plant and equipment in particular machineries and moulds in metal gift operation as they are no longer used.

Current assets

Current assets increased by approximately HK$22.5 million from approximately HK$49.8 million as at 31 December 2014 to approximately HK$72.3 million as at 31 December 2015. The increase was mainly due to (a) increase in deposits, prepayments and other receivables of approximately HK$22.2 million due mainly to deposit paid to a nickel ore suppliers of approximately HK$22.4 million; and (b) placement of pledged bank deposits of approximately HK$6.5 million mainly due to proceeds received from the various fund raising activities during FY2015. The increase was partly offset by a decrease in trade receivables of approximately HK$1.74 million mainly attributable to lower sales from the metal gift products and the decrease in cash and cash balances due to use of funds in working capital.

Current liabilities

Current liabilities increased by approximately HK$1.5 million from HK$35.9 million as at 31 December 2014 to approximately HK$37.4 million as at 31 December 2015. The increase was mainly due to increase in bank and other borrowings by approximately HK$5.9 million mainly to finance the working capital for the trading of nickel ore. The increase was partly offset by a decrease in trade payables of approximately HK$4.0 million mainly due to lower sales for metal gift product.

Non-Current liabilities

Non-Current liabilities increased by approximately HK$20.2 million from nil as at 31 December 2014 to approximately HK$20.2 million as at 31 December 2015. The increase by approximately HK$20.2 million in FY2015 was mainly due to the issue of the convertible bonds and warrants during the year.

Liquidity and cash flow

During FY2015, the Group's net cash used in operating activities was approximately HK$24.3 million. This was mainly attributed to decrease in trade payables of approximately HK$4.0 million and decrease in other payables and accruals of approximately HK$18.4 million.

During FY2015, the Group's net cash used in investing activities was approximately HK$2.3 million. This was mainly attributed to the proceeds from disposals of property, plant and equipment of approximately HK$100,000, payment to acquire business, net of cash acquired of approximately HK$333,000 and increase in pledged bank deposits of HK$2.8 million.

During FY2015, the Group's net cash generated from financing activities was approximately HK$24.5 million. This was mainly attributed to the issuance of new shares of approximately HK$9.2 million and issuance of the convertible bonds of approximately HK$20.0 million and proceeds from issue of warrants of approximately HK$1.0 million and capital contribution for non-controlling shareholders of approximately HK$1.5 million.

As a result of the above, the Group's net decrease in cash and cash equivalents was approximately HK$2.1 million.

As at 31 December 2015, the Group had cash and bank balances of approximately HK$13.8 million (31 December 2014: HK$15.9 million), and unutilised banking facilities of approximately HK$1.9 million (31 December 2014: HK$1.0 million).

During FY2015, the Group had raised funds from bank and other borrowings of approximately HK$66.7 million. Repayment of bank and other borrowings amounted to approximately HK$72.0 million.

BOARD OF DIRECTORS

Lau Chor Beng, Peter, Chairman and Managing Director, a co-founder of the Group, was appointed to the Board on 4 October 2006. Mr Lau is responsible for overall management and strategic planning of the Group and he leads the Group's dedicated design and development team. Mr Lau has over 33 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 16 years of experience in the investment banking industry. He has extensive experience in the areas of capital market, corporate advisory and merger and acquisitions. Mr Kwok graduated from King's College, University of London, with Bachelor of Engineering Degree (First Class Honours) in Electrical and Electronic Engineering.

Ong Chor Wei, Deputy Chairman and Non-Executive Director, was appointed to the Board on 21 December 2007. Mr Ong was last re-elected to the Board in April 2014. Mr Ong is currently on a part-time basis an executive director of Zibao Metals Recycling Holdings Plc (a company trading on AIM, a market operated by the London Stock Exchange Plc), an executive director of Net Pacific Financial Holdings Limited (a company listed on the SGX-ST) and a non-executive director of Hong Wei (Asia) Holdings Company Limited (a company listed on the GEM board of The Stock Exchange of Hong Kong Limited ("**SEHK**")). Mr. Ong is also an independent non-executive director of Man Wah Holdings Limited (Stock Code: 1999), O-Net Technologies (Group) Limited (Stock Code: 877) and Denox Environmental & Technology Holdings Limited (Stock Code: 1452) respectively, all of which are listed on the SEHK. From 2004 to 2013, Mr Ong had also served as an independent director of Jets Technics International Holdings Limited (a company listed on the SGX-ST). Mr Ong has over 25 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.

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

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

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 2013. Prior to joining the Board, Mr Lim held various positions in banks, financial services companies and a fund management company and has over 32 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 Blue Sky Power Holdings Limited (formerly known as China Print Power Group Limited) and Natural Cool Holdings 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, Cheung Wai Hung, Danny (the ex-director of the Company and currently a chief administrative officer of a subsidiary of the Group and the brother-in-law of Lau Chor Beng, Peter) and Chan Shui Ki (the ex-director of the Company) hold 59.1%, 15.4% and 4.5% interest respectively in Joyas Investments Group Limited (the substantial shareholder of the Company); and Ong Chor Wei holds 50% interest in Uprich Holdings Limited which in turn holds 15.4% interest in Joyas Investments Group Limited, none of the Directors are related to each other or the substantial shareholders of the Company.

EXECUTIVE OFFICERS

Chan Shui Ki, R & D Department Head, is responsible for the operation of the PRC production facilities for the Group's metal gift products and is in charge of the product material and process development team. Mr Chan has over 23 years of experience in the metal gift industry. Prior to joining the Group in 1991, he was the moulding supervisor at Charlene Manufacturing Limited (萊莉制品廠有限公司) from 1980 to 1991, where he was responsible for the moulding operation of the factory.

Lau Chor Wing, General Manager of the Group's jewellery business, has more than 23 years experience in the jewellery industry. Mr Lau has been the managing director of Master Creations Limited, a former subsidiary of the Group, from 1995 to 2012 and J & J Design Limited, since 2012, of which he is responsible for the daily operations and oversees the design and development of jewellery products. Prior to joining the Group, Mr Lau was a sales representative with J Stella Jewellery Co. from 1993 to 1995, and before that a sales representative of China Arts Jewelry Inc between 1991 and 1992.

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

Lui Mui Ching, Accounting Manager and 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.

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

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

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

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

The directors present their report together with the audited statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015.

THE COMPANY

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 shares of the Company were listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 13 March 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements.

RESULTS AND DIVIDENDS

Details of the results of the Group for the year ended 31 December 2015 and financial position of the Company and of the Group at 31 December 2015 are set out in the financial statements on pages 18 to 55.

No interim dividend was declared and paid during the year ended 31 December 2015. The directors do not recommend any payment of any dividend for the year ended 31 December 2015 (2014: Nil).

DIRECTORS

The directors of the Company in office during the year and up to the date of this report were:

Executive directors:
Lau Chor Beng, Peter
Cheung Wai Hung, Danny (resigned on 15 November 2015)

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 Ong Chor Wei and Mr Lim Siang Kai will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of the year, nor at any time during the year, was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest, direct or deemed, in the share capital of the Company and related corporations, except the following:

	Shares registered in the names of directors		**Other shareholdings in which directors are deemed to have an interest**	
	As at 31 December 2014	**As at 31 December 2015**	As at 31 December 2014	**As at 31 December 2015**
The Company				
Lau Chor Beng, Peter	–	**–**	212,421,638	**120,421,638**[(1)]
Kwok Chin Phang	1,538,000	**13,538,000**	–	**–**
Ong Chor Wei[(3)]	–	**–**	–	**80,800,000**[(4)(5)]
Joyas Investments Group Limited				
(ordinary shares of US$1.00 each)				
Lau Chor Beng, Peter	591	**591**[(1)(2)]	–	**–**

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Continued)

	Convertible Bonds registered in the names of directors		Convertible Bonds in which directors are deemed to have an interest	
	As at 31 December 2014	**As at 31 December 2015**	As at 31 December 2014	**As at 31 December 2015**
Kwok Chin Phang	–	**3,500,000**	–	**–**
Ong Chor Wei	–	**–**	–	**134,138,000**[(6)]

Notes:

(1) As at 31 December 2015, Joyas Investments Group Limited holds 120,421,638 (2014: 212,421,638) shares in the Company. The Company's Chairman and Managing Director, namely 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 120,421,638 (2014: 212,421,638) shares in the Company held by Joyas Investments Group Limited.

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

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

(4) Ong Chor Wei acquired 800,000 shares through his nominee, Royal Bank of Canada (Singapore Branch) on 12 January 2015.

(5) During the year ended 31 December 2015, Joyas Investments Group Limited transferred 80,000,000 shares, equivalent to 19.76% interest, in the Company to Reach Win Limited. 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 80,000,000 shares (2014: Nil) in the Company held by Reach Win Limited.

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

As at 31 December 2015, Joyas Investments Group Limited holds 65,703,546 and Kwok Chin Phang holds 100,000 listed warrants issued in January 2011 ("**2011 Warrants**") in the Company. 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 65,703,546 2011 Warrants in the Company held by Joyas Investments Group Limited. The 2011 Warrants had an exercise price of S$0.05 per share and expired on 25 January 2016.

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

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

Save as disclosed above, there was no change in the above-mentioned interests between 31 December 2015 and 21 January 2016.

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

DIRECTORS' CONTRACTUAL BENEFITS

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

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 Ong Chor Wei, Mr Cheung King Kwok and Mr Lim Siang Kai.

Since the commencement of the Scheme on 21 December 2007, 9,000,000 share options have been granted by the Company.

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

Name of participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of Scheme to end of FY2015	Aggregate options exercised since commencement of Scheme to end of FY2015	Aggregate options outstanding as at end of FY2015
Kwok Chin Phang (Non-Executive Director)	3,000,000 Terms: - Date of grant: 25 May 2015 - Exercise price: S$0.03 - Validity Period: 5 years from the date of grant - Vesting period: the options are exercisable after the first anniversary of the date of grant and before the fifth anniversary of the date of the grant.	3,000,000	Nil	3,000,000
Ong Chor Wei (Non-Executive Director)	3,000,000 Same terms as above.	3,000,000	Nil	3,000,000
Lim Siang Kai (Independent Non-Executive Director)	1,500,000 Same terms as above.	1,500,000	Nil	1,500,000
Cheung King Kwok (Independent Non-Executive Director)	1,500,000 Same terms as above.	1,500,000	Nil	1,500,000

AUDIT COMMITTEE

The nature and extent of the functions performed by the Audit Committee are described in this Annual Report under "**Corporate Governance Report**".

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

AUDITORS

BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore will retire and a resolution for their re-appointment as joint auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Lau Chor Beng, Peter
Director

Ong Chor Wei
Director

31 March 2016

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,

(i) the accompanying statements of financial position of the Company and of the Group and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group together with the notes thereto, as set out on pages 18 to 55, are drawn up so as to give a true and fair view of the financial positions of the Company and of the Group as at 31 December 2015, and of the Group's financial performance 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 31 March 2016.

ON BEHALF OF THE BOARD

Lau Chor Beng, Peter Director	Ong Chor Wei Director

31 March 2016

We have audited the financial statements of Joyas International Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 18 to 55, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Group and the statement of financial position of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

BDO LLP
Public Accountants and
Chartered Accountants
21 Merchant Road #05-01
Singapore 058267

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

31 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	5	**93,577**	81,930
Cost of sales		**(88,005)**	(75,674)
Gross profit		**5,572**	6,256
Other income	5	**1,443**	15,907
Selling and distribution costs		**(1,960)**	(2,904)
Administrative expenses		**(14,276)**	(11,369)
Other operating expenses		**(3,322)**	(23)
Finance costs	7	**(1,990)**	(1,035)
(Loss)/Profit before income tax	8	**(14,533)**	6,832
Income tax expense	9	**(60)**	(266)
(Loss)/Profit for the year		**(14,593)**	6,566
Total comprehensive income attributable to:			
Owners of the Company		**(14,730)**	6,566
Non-controlling interests		**137**	–
		(14,593)	6,566

	Notes	HK cents	HK cents
(Loss)/Earnings per share for (loss)/profit attributable to the owners of the Company during the year	11		
- Basic and diluted		**(3.85)**	1.85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**8,242**	12,510
Investment properties	15	**–**	–
Goodwill	16	**413**	–
		8,655	12,510
Current assets			
Inventories	18	**14,431**	16,802
Trade receivables	19	**14,024**	15,765
Deposits, prepayments and other receivables	20	**23,393**	1,180
Prepaid tax		**98**	135
Pledged bank deposits	21	**6,537**	–
Cash and bank balances		**13,846**	15,923
		72,329	49,805
Current liabilities			
Trade payables		**10,427**	14,448
Other payables and accruals	22	**13,944**	14,469
Bank and other borrowings	23	**12,816**	6,958
Tax payables		**183**	54
		37,370	35,929
Net current assets		**34,959**	13,876
Total assets less current liabilities		**43,614**	26,386
Non-current liabilities			
Convertible bonds	24	**19,890**	–
Warrants	25	**319**	–
		20,209	–
Net assets		**23,405**	26,386
EQUITY			
Equity attributable to the owners of the Company			
Share capital	27	**4,048**	3,548
Reserves	28	**19,185**	22,838
		23,233	26,386
Non-controlling interests		**172**	–
Total equity		**23,405**	26,386

Lau Chor Beng, Peter
Director

Ong Chor Wei
Director

STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	17	**8**	8
Current assets			
Deposits, prepayments and other receivables	20	**72**	291
Amounts due from subsidiaries	17	**21,934**	4
Cash and bank balances		**4,634**	4,036
		26,640	4,331
Current liabilities			
Other payables and accruals	22	**552**	557
Amount due to a subsidiary	17	**–**	7
		552	564
Net current assets		**26,088**	3,767
Non-current liabilities			
Convertible bonds	24	**19,890**	–
Warrants	25	**319**	–
		20,209	–
Net assets		**5,887**	3,775
EQUITY			
Share capital	27	**4,048**	3,548
Reserves	28	**1,839**	227
Total equity		**5,887**	3,775

Lau Chor Beng, Peter
Director

Ong Chor Wei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Equity attributable to the owners of the Company								
	Share capital HK$'000	Share premium HK$'000 (note 28(a)(i))	Contributed surplus HK$'000 (note 28(a)(ii))	Share option reserve HK$'000 (note 28(a)(iii))	Capital contribution reserve HK$'000 (note 28(a)(iv))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance as at 1 January 2014	3,547	28,716	52,677	–	–	(65,122)	19,818	–	19,818
Issue of shares upon exercise of warrants (note 27(ii))	1	1	–	–	–	–	2	–	2
Transactions with owners	1	1	–	–	–	–	2	–	2
Profit for the year and total comprehensive income for the year	–	–	–	–	–	6,566	6,566	–	6,566
Balance as at 31 December 2014 and 1 January 2015	3,548	28,717	52,677	–	–	(58,556)	26,386	–	26,386
Issue of shares upon placing (note 27(i))	500	8,716	–	–	–	–	9,216	–	9,216
Acquisition of a subsidiary (note 29)	–	–	–	–	–	–	–	123	123
Equity-settled share-based transactions (note 31)	–	–	–	1,041	–	–	1,041	–	1,041
Capital contribution by non-controlling shareholders	–	–	–	–	1,700	–	1,700	729	2,429
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	(817)	(817)
Shares issue expenses	–	(380)	–	–	–	–	(380)	–	(380)
Transactions with owners	500	8,336	–	1,041	1,700	–	11,577	35	11,612
Loss for the year and total comprehensive income for the year	–	–	–	–	–	(14,730)	(14,730)	137	(14,593)
Balance as at 31 December 2015	4,048	37,053	52,677	1,041	1,700	(73,286)	23,233	172	23,405

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		**(14,533)**	6,832
Adjustments for:			
Interest income	5	**(98)**	(3)
Bad debts recovered	5	**(83)**	(108)
Loss/(Gain) on disposals of property, plant and equipment	5, 8	**3,200**	(7,740)
Gain on disposals of investment properties	5	**–**	(7,853)
Fair value loss on convertible bonds	8	**122**	–
Fair value gain on warrants	5	**(692)**	–
Exchange gain on convertible bonds and warrants		**(824)**	–
Depreciation	8	**1,045**	2,127
Impairment losses on trade receivables	8	**–**	7
Write-off on property, plant and equipment	8	**–**	15
Write-down of inventories to net realisable value, net	8	**3,176**	2,052
Share option expenses	31	**1,041**	–
Interest expenses	7	**1,990**	1,035
Operating loss before working capital changes		**(5,656)**	(3,636)
(Increase)/Decrease in inventories		**(805)**	7,863
Decrease in trade receivables		**1,824**	1,966
Decrease in deposits, prepayments and other receivables		**3,458**	1,491
(Decrease)/Increase in trade payables		**(4,021)**	7,323
Decrease in other payables and accruals		**(18,383)**	(19,885)
Cash used in operations		**(23,583)**	(4,878)
Interest paid		**(764)**	(1,035)
Net income tax refunded/(paid)		**36**	(523)
Net cash used in operating activities		**(24,311)**	(6,436)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(36)**	(285)
Proceeds from disposals of property, plant and equipment		**100**	10,670
Proceeds from disposals of investment properties		**–**	11,688
Payment to acquire business, net of cash acquired	29	**333**	–
Net cash inflow from disposals of subsidiaries		**–**	220
Interest received		**98**	3
(Increase)/Decrease in pledged bank deposits		**(2,793)**	2,241
Net cash (used in)/generated from investing activities		**(2,298)**	24,537
Cash flows from financing activities			
Proceeds from issue of shares	27(i)	**9,216**	2
Shares issue expense		**(380)**	–
Proceeds from issue of convertible bonds	24	**19,970**	–
Issuing cost of convertible bonds – debt components		**(629)**	–
Proceeds from issue of warrants	25	**1,036**	–
Capital contribution from non-controlling shareholders		**1,510**	–
Dividend paid to non-controlling shareholders		**(817)**	–
Proceeds from new bank and other borrowings		**66,661**	27,408
Repayments of bank and other borrowings		**(72,035)**	(44,286)
Net cash generated from/(used in) financing activities		**24,532**	(16,876)
Net (decrease)/increase in cash and cash equivalents		**(2,077)**	1,225
Cash and cash equivalents at the beginning of the year		**15,923**	14,698
Cash and cash equivalents at the end of the year		**13,846**	15,923

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries (together with the Company collectively referred to as the "Group") are set out in note 17 to the financial statements.

As described in note 29, on 11 March 2015, the Group acquired 70% of the voting equity interests in Hong Kong Silver Basic Group Limited ("HK Silver"), a company incorporated in Hong Kong, which is principally engaged in the trading of nickel ore. Details of the acquisition have been set out in the Company's announcements dated 3 November 2014, 2 December 2014, 8 January 2015, 17 February 2015 and 11 March 2015.

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 Dollars ("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 2015 were approved for issue by the board of directors on 31 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 18 to 55 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term include all applicable individual International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board (the "IASB"), and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the 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 for derivative financial instruments, which are measured at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that 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 in note 4.

2.2 Business combination and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. These are de-consolidated from the date that control ceases.

Inter-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisition of subsidiaries or businesses is accounted for using acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

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

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the Company. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, profit or loss on disposal 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 interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.4 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 acquire 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 (see note 2.8), and whenever there is an indication that the unit may 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.

2.5 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is provided to write off the cost less their estimated residual values, if any, over their estimated useful lives, using straight-line method, at the following rates per annum:

Leasehold land classified as finance lease	Over the lease terms of 50 years
Leasehold buildings	2%
Leasehold improvements	20%
Motor vehicles	20%
Plant and machinery	10% - 20%
Furniture and fixtures	20%
Tools and equipment	20%
Moulds	10% - 30%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment (Continued)

The assets' estimated useful lives, depreciation methods and estimated residual values, if any, are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.7 Financial assets

The financial assets mainly include trade receivables, deposits and other receivables, derivative financial instruments, pledged bank deposits, cash and bank balances and amounts due from subsidiaries. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date, that is, the date that the Group commits to purchase or sell the asset. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

De-recognition of financial assets 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.

Impairment of financial assets

At each reporting date, loans and receivables are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the year in which the impairment occurs.

If, in subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the year in which the reversal occurs.

Impairment losses are written off against the corresponding assets directly. Where the recovery of receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of receivables is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Impairment of assets (other than financial assets)

Property, plant and equipment, goodwill and investments in subsidiaries are subject to impairment testing. Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those of other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Impairment loss is charged pro-rata to the assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods including impairment loss recognised in an interim period. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using specific identification or first-in, first-out method as appropriate, and in the case of work in progress and finished goods, comprises the cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

When the inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

2.10 Cash and cash equivalents

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

2.11 Financial liabilities

The financial liabilities include trade and other payables, convertible bonds, warrants, bank and other borrowings and amount due to a subsidiary.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policies for borrowing costs (see note 2.12).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

Borrowings

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial liabilities (Continued)

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 derivative 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 effective interest method.

2.12 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.13 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.14 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:

(i) Sales of goods

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

(ii) Rental income

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

(iii) Interest income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Operating lease charges as the lessee

Where the Group has the right to use the assets held under operating leases, payments made under the leases are charged to profit or loss on straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payment made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

(ii) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on straight-line method over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2.16 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those claims from or obligations to, tax authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Retirement benefit costs and short-term employee benefits

Retirement benefit schemes

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

Short-term employee benefits

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

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

2.18 Provision and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.19 Related parties

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

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

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

- (i) The entity and the Group 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 the employees of the Group or an entity related to the Group.
- (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 key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 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

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.

No asymmetrical allocations have been applied to reportable segments.

2.21 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.

2.22 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are carried at cost less any accumulated depreciation and impairment losses, if any.

Depreciation is calculated on straight-line method to write off the cost of investment properties over its estimated useful life. The principal annual rate used for this purpose is as follows:

Leasehold land classified as finance lease	Over the lease terms of 50 years
Leasehold buildings	2%

3. ADOPTION OF NEW OR AMENDED IFRSs

3.1 Adoption of new or amended IFRSs

In the current year, the Group has adopted for the first time the following new or amended IFRSs that are relevant to its operations and effective for the current financial year.

Amendments to IFRS	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRS	Annual Improvements to IFRSs 2011-2013 Cycle

Amendments to IFRS – Annual Improvements to IFRSs 2010-2012 Cycle and IFRSs 2011-2013 Cycle
The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to IAS 24 Related Party Disclosures. IAS 24 Related Party Disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

3. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

3.2 New or amended IFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, certain new or amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new or amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new or amended IFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

This standard is effective for accounting periods beginning on or after 1 January 2016. The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to IAS 27 Equity Method in Separate Financial Statements

This standard is effective for accounting periods beginning on or after 1 January 2016. The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

Amendments to IAS 7 Disclosure Initiative

This standard is effective for accounting periods beginning on or after 1 January 2017. The amendments to IAS 7 require companies to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendments IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

This standard is effective for accounting periods beginning on or after 1 January 2017. The amendments to IAS 12 clarify the requirements on the recognition of deferred tax assets from unrealised losses related to debt instruments measured at fair value.

IFRS 16 Leases

This standard is effective for accounting periods beginning on or after 1 January 2019. IFRS 16 supersedes IAS 17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. IFRS 16 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under IFRS 16. IFRS 16 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of this standard, there may be a potentially significant impact on the accounting treatment for the Group's leases, particularly rented office premises and other operating facilities, which the Group, as lessee, currently accounts for as operating leases.

IFRS 9 (2014) Financial Instruments

This standard is effective for accounting periods beginning on or after 1 January 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss.

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

IFRS 15 Revenue from Contracts with Customers

This standard is effective for accounting periods beginning on or after 1 January 2018. The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes judgement, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Inventory valuation

Inventory is valued at the lower of cost and net realisable value. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market conditions and the historical experience of selling products of a similar nature. It could change significantly as a result of competitors' actions in response to severe industry cycles. The Group reviews its inventories in order to identify slow-moving merchandise and use markdowns to clear merchandise. Inventory value is reduced when the decision to markdown below cost is made. The carrying amount of the Group's inventories as at 31 December 2015 was HK$14,431,000 (2014: HK$16,802,000).

(ii) Impairment of receivables

The Group reviews receivables on a regular basis to determine if any provision for impairment is necessary. The policy for impairment of receivables of the Group is based on, where appropriate, the evaluation of collectibility and ageing analysis of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these outstandings, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, provision for impairment may be required. The carrying amount of the Group's trade and other receivables and deposits as at 31 December 2015 was HK$37,227,000 (2014: HK$16,552,000).

(iii) Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes and the timing of payment of the related tax. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made. The carrying amount of the Group's prepaid tax and tax payables as at 31 December 2015 was HK$98,000 (2014: HK$135,000) and HK$183,000 (2014: HK$54,000) respectively.

(iv) Depreciation

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 2015 was HK$8,242,000 (2014: HK$12,510,000).

(v) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (other than goodwill) at each reporting date. Non-financial assets (other than goodwill) are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When fair value less cost to sell calculations are undertaken, the fair value was estimated by the directors using a comparison approach assuming sale in their existing states with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. The carrying amount of the Group's non-financial assets (other than goodwill) as at 31 December 2015 was HK$8,242,000 (2014: HK$12,510,000).

(vi) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the 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 2015 was $413,000 (2014: Nil).

(vii) Valuation of share options

For the services rendered by the third party, the Group measured the services received at the fair value of the services received, unless that fair value cannot be estimated reliably. When the Group cannot estimate reliably the fair value of the services received, the Group measured their value indirectly by reference to the fair value of the equity instruments granted. For the share options granted to the directors, the fair value of the options granted was measured by rerference to the fair value of the equity instruments granted and was determined by applying an option pricing model. The directors exercise their judgment in selecting an appropriate valuation technique for the share options granted by the Group.

Valuation technique, namely Black-Scholes valuation model, which is commonly used by market practitioners, has been applied for estimating the fair values of share options granted to the directors. The estimation of fair values of the share options are derived after taking into account the input parameters. Significant estimates and assumptions made by management included the estimated life of share options granted based on exercise restrictions and behavioural considerations; the volatility of share price which was determined by reference to historical data and weighted average share prices and exercise prices of the share options granted. Details of the inputs and parameters are set out in note 31 to the financial statements.

(viii) Valuation of convertible bonds and warrants

The fair value of the liability and derivative components embedded the convertible bonds and warrants are estimated by an independent firm of professional valuers, using an appropriate valuation technique for the Group's convertible bonds and warrants which are not quoted in the active market. 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 2015 were $19,890,000 (2014: Nil) and $319,000 (2014: Nil) respectively.

5. REVENUE AND OTHER INCOME

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

	2015 HK$'000	2014 HK$'000
Revenue		
Sale of goods (note i)	**93,577**	81,930
Other income		
Bank interest income	**98**	3
Bad debts recovered	**83**	108
Gain on disposals of property, plant and equipment	**–**	7,740
Gain on disposals of investment properties	**–**	7,853
Rental income	**40**	88
Fair value gain on warrants (note 25)	**692**	–
Sales of scrap materials	**31**	29
Exchange gains, net	**399**	–
Sundry income	**100**	86
	1,443	15,907

Note:

(i) During the year, the Group made a sale of HK$17,743,000 (2014: HK$18,651,000) to one of the major customers, which is owned by ex-employees of the Group.

6. SEGMENT INFORMATION

The executive directors have identified the Group's three product lines as operating segments as further described in note 2.20:

(a) Metal gift products including fashion accessories, desk top accessories, table top accessories and time items;

(b) Jewellery products; and

(c) Nickel ore.

	Metal gift products		Jewellery products		Nickel ore		Total	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Reportable segment revenue:								
From external customers	**43,398**	60,272	**22,094**	21,658	**28,085**	–	**93,577**	81,930
Reportable segment (loss)/profit	**(5,806)**	(3,084)	**(2,155)**	(411)	**942**	–	**(7,019)**	(3,495)
Depreciation of property, plant and equipment	**894**	1,851	**3**	3	**10**	–	**907**	1,854
Bad debts recovered	**–**	–	**(83)**	(108)	**–**	–	**(83)**	(108)
Impairment losses on trade receivables	**–**	–	**–**	7	**–**	–	**–**	7
Write-down of inventories to net realisable value, net	**967**	696	**2,209**	1,356	**–**	–	**3,176**	2,052
Reportable segment assets	**10,308**	13,674	**22,848**	28,090	**22,805**	–	**55,961**	41,764
Additions to non-current segment assets during the year	**27**	280	**–**	5	**9**	–	**36**	285
Reportable segment liabilities	**15,629**	18,420	**4,704**	7,365	**236**	–	**20,569**	25,785

6. **SEGMENT INFORMATION (Continued)**

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:

	2015 HK$'000	2014 HK$'000
Reportable segment revenues	93,577	81,930
Group revenues	93,577	81,930
Reportable segment loss	(7,019)	(3,495)
Gain on disposals of property, plant and equipment	–	7,500
Gain on disposals of investment properties	–	7,853
Fair value gain on warrants	692	–
Fair value loss on convertible bonds	(122)	–
Unallocated corporate income	424	96
Corporate legal and professional fees	(3,279)	(1,819)
Unallocated corporate expenses	(3,239)	(2,268)
Finance costs	(1,990)	(1,035)
(Loss)/Profit before income tax	(14,533)	6,832
Reportable segment assets	55,961	41,764
Pledged bank deposits	6,537	–
Cash and bank balances	13,846	15,923
Other corporate assets	4,640	4,628
Group assets	80,984	62,315
Reportable segment liabilities	20,569	25,785
Bank borrowings	11,815	6,958
Convertible bonds	19,890	–
Warrants	319	–
Other corporate liabilities	4,986	3,186
Group liabilities	57,579	35,929

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

	Revenue from external customers		Non-current assets, other than goodwill	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Principal markets:				
United States of America	21,259	22,949	–	–
Europe	9,141	10,443	–	–
The PRC, including Hong Kong	61,731	45,249	8,242	12,510
Others	1,446	3,289	–	–
	93,577	81,930	8,242	12,510

6. SEGMENT INFORMATION (Continued)

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

During the year, there was no revenue from external customers attributed to Bermuda (domicile) and no non-current assets were located in Bermuda (2014: 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 the major customers is as follows:

	2015 HK$'000	2014 HK$'000
Customer A (note i)	**14,332**	16,465
Customer B (note i)	**–**	11,000
Customer C (note ii)	**17,743**	18,651
Customer D (note iii)	**28,085**	–
	60,160	46,116

Notes:

(i) Derived from the metal gift products segment

(ii) Derived from the jewellery products segment

(iii) Derived from the nickel ore segment

At 31 December 2015, 61% (2014: 69%) of the Group's trade receivables were due from these customers.

7. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest charges on bank borrowings and overdrafts wholly repayable within five years	**755**	1,035
Interest charges on other borrowings	**9**	–
Interest on convertible bonds (note 24)	**1,226**	–
	1,990	1,035

8. (LOSS)/PROFIT BEFORE INCOME TAX

	2015 HK$'000	2014 HK$'000
(Loss)/Profit before income tax is arrived at after charging/(crediting):		
Auditors' remuneration		
- Audit fees to the auditors of the Company	550	530
- Audit fees to the auditors of the subsidiaries	162	250
Cost of inventories recognised as expense, including	88,005	75,674
- Write-down of inventories to net realisable value (note i)	5,723	4,212
- Reversal of write-down of inventories to revised net realisable value (note ii)	(2,547)	(2,160)
- Depreciation (note iii)	656	1,632
Impairment losses on trade receivables	–	7
Depreciation of property, plant and equipment and investment properties	1,045	2,127
Loss/(Gain) on disposals of property, plant and equipment	3,200	(7,740)
Write-off of property, plant and equipment	–	15
Employee benefit expense (note 12)	6,280	5,600
Directors' remuneration (including in employee benefit expense):		
- Fees	478	391
- Share options expenses	793	–
- Other emoluments	1,474	2,008
Exchange losses, net	–	152
Fair value loss on convertible bonds (note 24)	122	–
Operating lease rentals in respect of rented premises	979	805
Direct operating expenses arising from investment properties that generated rental income	–	16

Notes:

(i) During the year, the Group wrote down its inventories approximately HK$5,723,000 (2014: HK$4,212,000) to their net realisable values. The write-down of inventories arose from decrease in net realisable value of certain raw materials and finished goods as a result of changes in consumer preferences.

(ii) During the year, the Group reversed an amount of HK$2,547,000 (2014: HK$2,160,000) on inventories, which were written down in prior years. The write-down subsequently became not necessary as these inventories were sold at prices higher than their carrying amounts.

(iii) These amounts are also included in the respective total amounts disclosed separately below.

9. INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
Current income tax – Hong Kong		
- Current year	60	6
- Under-provision in prior years	–	260
Total income tax expense	60	266

Pursuant to the rules and regulations of Bermuda and the BVI, the Group is not subject to any income tax in Bermuda and the BVI during the year (2014: Nil).

For the year ended 31 December 2015, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit (2014: 16.5%).

9. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rate is as follows:

	2015 **HK$'000**	2014 HK$'000
(Loss)/Profit before income tax	**(14,533)**	6,832
Tax on (loss)/profit before income tax, calculated at the rates applicable to (loss)/profit in the tax jurisdiction concerned	**(2,398)**	1,127
Tax effect of non-taxable revenue	**(247)**	(2,609)
Tax effect of non-deductible expenses	**2,482**	1,204
Utilisation of previously unrecognised tax losses	**(163)**	(42)
Tax effect of tax losses not recognised	**368**	373
Tax effect of temporary differences not recognised	**18**	(47)
Under-provision in prior years	**–**	260
Income tax expense	**60**	266

10. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: Nil).

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to the owners of the Company of HK$14,730,000 (2014: profit HK$6,566,000) and on the weighted average number of 382,478,952 (2014: 354,670,733) ordinary shares in issue during the year.

For the years ended 31 December 2015 and 2014, basic (loss)/earnings per share are same as diluted (loss)/earnings per share because the exercise prices of share options, warrants and convertible bonds are higher than the average market prices for shares for both 2015 and 2014.

12. EMPLOYEE BENEFIT EXPENSE (Including directors' remuneration)

	2015 **HK$'000**	2014 HK$'000
Wages, salaries and allowances	**5,346**	5,440
Pension costs – defined contribution plans	**141**	160
Share option expenses	**793**	–
	6,280	5,600

13. DIRECTORS' REMUNERATION

Number of the directors of the Company whose remuneration is analysed into the following bands is disclosed in compliance with paragraph 1204(12) of Chapter 12 of the Catalist Rules as follows:

Year ended 31 December 2015	**Executive directors**	**Non-executive directors**	**Total**
Below Singapore Dollars ("S$")200,000 (equivalent to below HK$1,128,000)	2	4	6

Year ended 31 December 2014	**Executive directors**	**Non-executive directors**	**Total**
Below S$200,000 (equivalent to below HK$1,226,000)	2	4	6

14. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold land classified as finance lease HK$'000	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Tools and equipment HK$'000	Moulds HK$'000	Total HK$'000
As at 1 January 2014									
Cost	9,179	2,295	2,977	634	29,287	2,686	12,273	56,748	116,079
Accumulated depreciation and impairment	(3,083)	(771)	(2,905)	(566)	(26,453)	(2,579)	(11,856)	(50,319)	(98,532)
Net book amount	**6,096**	**1,524**	**72**	**68**	**2,834**	**107**	**417**	**6,429**	**17,547**
Year ended 31 December 2014									
Opening net book amount	**6,096**	**1,524**	**72**	**68**	**2,834**	**107**	**417**	**6,429**	**17,547**
Additions	–	–	–	–	–	–	285	–	285
Depreciation	(125)	(31)	(35)	(24)	(390)	(32)	(159)	(1,242)	(2,038)
Disposals	(2,537)	(634)	(15)	–	(98)	–	–	–	(3,284)
Closing net book amount	**3,434**	**859**	**22**	**44**	**2,346**	**75**	**543**	**5,187**	**12,510**
As at 31 December 2014 and 1 January 2015									
Cost	5,494	1,374	59	634	27,987	2,686	12,558	56,748	107,540
Accumulated depreciation and impairment	(2,060)	(515)	(37)	(590)	(25,641)	(2,611)	(12,015)	(51,561)	(95,030)
Net book amount	**3,434**	**859**	**22**	**44**	**2,346**	**75**	**543**	**5,187**	**12,510**
Year ended 31 December 2015									
Opening net book amount	3,434	859	22	44	2,346	75	543	5,187	12,510
Additions	–	–	–	–	–	27	9	–	36
Depreciation	(110)	(28)	(16)	(24)	(174)	(30)	(180)	(483)	(1,045)
Disposals	–	–	(15)	–	(1,214)	(21)	–	(2,050)	(3,300)
Acquisition of a subsidiary (note 29)	–	–	41	–	–	–	–	–	41
Closing net book amount	**3,324**	**831**	**32**	**20**	**958**	**51**	**372**	**2,654**	**8,242**
As at 31 December 2015									
Cost	5,494	1,374	69	634	5,514	480	4,358	9,789	27,712
Accumulated depreciation and impairment	(2,170)	(543)	(37)	(614)	(4,556)	(429)	(3,986)	(7,135)	(19,470)
Net book amount	**3,324**	**831**	**32**	**20**	**958**	**51**	**372**	**2,654**	**8,242**

14. PROPERTY, PLANT AND EQUIPMENT – GROUP (Continued)

Analysis of net book amount of leasehold land classified as finance lease according to lease periods are as follows:

	2015	2014
	HK$'000	HK$'000
In Hong Kong		
- medium leases (i.e. 10 to 50 years)	**3,324**	3,434

As at 31 December 2015, the Group's leasehold land classified as finance lease and leasehold buildings with net book amounts of HK$3,324,000 (2014: HK$3,434,000) and HK$831,000 (2014: HK$859,000) respectively were pledged to secure the banking facilities granted to the Group (note 23). In the opinion of the directors, current market value of the leasehold land classified as finance lease and leasehold buildings is approximately HK$15,100,000 (2014: HK$14,800,000) as at 31 December 2015.

The fair value of leasehold land classified as finance lease and leasehold buildings for disclosure purpose is a level 3 (i.e. inputs that are not based on observable market input) non recurring fair value measurement. The fair value was estimated using a comparison approach assuming sale in their existing states with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Appropriate adjustments have been made to account for the differences between the properties and the comparables in terms of age, time, location, floor level and other relevant factors. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

As at 31 December 2015, property, plant and equipment of HK$3,769,000 (2014: HK$7,835,000) were located in one of its subcontractors' factory in the PRC.

15. INVESTMENT PROPERTIES – GROUP

	HK$'000
As at 1 January 2014	
Cost	4,052
Accumulated depreciation	(128)
Net book amount	3,924
Year ended 31 December 2014	
Opening net book amount	3,924
Depreciation	(89)
Disposals	(3,835)
Closing net book amount	–
As at 31 December 2014, 1 January 2015 and 31 December 2015	
Cost	–
Accumulated depreciation	–
Net book amount	–

Details of the investment properties were as follows:

Location	**Title**	**Description**
Hop Hing Industrial Building, No. 704 Castle Peak Road, Kowloon, Hong Kong	Leasehold (a lease term expiring in 2047)	A workshop in an office building

During the year ended 31 December 2014, the Group's investment properties were disposed of to independent third parties with cash consideration of HK$11,688,000.

16. GOODWILL - GROUP

	2015 HK$'000	2014 HK$'000
Year ended 31 December		
Opening net carrying amount	–	–
Acquisition of a subsidiary (note 29)	**413**	–
Closing net carrying amount	**413**	–

For the purpose of impairment testing, goodwill is allocated to the CGU identified as follows:

	2015 HK$'000	2014 HK$'000
Nickel ore CGU	**413**	–

Goodwill as at 31 December 2015 arose from the acquisition of 70% of the voting equity instruments of HK Silver during the year (note 29). The recoverable amount for the nickel ore CGU to which the goodwill being allocated was determined based on value-in-use calculations, covering a detailed 5-year budget plan followed by an extrapolation of expected cash flows at the growth rate stated below. The growth rate reflects the long-term average growth rate for the country in which the entity of the CGU operates.

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

	2015
Discount rate	**16%**
Growth rate	**0%**

The key assumptions also include the profit margins, which have been determined based on past performance, and management's expectations for market share, after taking into consideration published market forecast and research. The discount rate used is pre-tax and reflects specific risks relating to the nickel ore CGU. With regards to the assessment of value-in-use for the goodwill, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materiality exceed its recoverable amount.

17. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES – COMPANY

	2015 HK$'000	2014 HK$'000
Unlisted shares, at cost	**65,239**	65,239
Less: Provision for impairment	**(65,231)**	(65,231)
	8	8

No impairment loss for interests in subsidiaries was recognised during the year ended 31 December 2015 and 2014.

Other than the amount due from a subsidiary of HK$15,600,000 which bears the interest at 20% per annum, other amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries as at 31 December 2015 are as follows:

Name of company	Place and date of incorporation	Nominal value of issued ordinary/paid-up registered share capital	Percentage of issued capital held by the Company	Principal place of business and principal activities
Directly owned				
Joyas Group Limited	BVI, 29 August 2006	United States Dollars ("US$") 7,000	100%	Investment holding in Hong Kong
Asia Pac Growth Holdings Limited	BVI, 15 August 2013	US$1,000	100%	Investment holding in Hong Kong

17. INTERESTS IN SUBSIDIARIES AND AMOUNT DUE FROM/(TO) SUBSIDIARIES – COMPANY (Continued)

Name of company	Place and date of incorporation	Nominal value of issued ordinary/paid-up registered share capital	Percentage of issued capital held by the Company	Principal place of business and principal activities
Indirectly owned				
Happy Time Industries Limited	Hong Kong, 19 June 2006	HK$1	100%	Holding trademarks and licensing in Hong Kong
J & J Design Limited	Hong Kong, 23 May 2012	HK$10,000	100%	Manufacturing and trading of jewellery in Hong Kong
Royce Gifts & Accessories Limited	Hong Kong, 15 May 2012	HK$10,000	100%	Metalware manufacturing and exporter in Hong Kong
Joyas (Qingyuan) Limited	BVI, 8 April 2008	US$1,000	100%	Manufacturing and trading of mini metallic products in the PRC
Billion Fun Limited	BVI, 13 April 2012	US$1,000	100%	Investment holding in Hong Kong
Allied Famous Limited	BVI, 14 February 2012	US$1,000	100%	Investment holding in Hong Kong
Asia Growth Group Limited ("Asia Growth")	Hong Kong, 4 May 2015	HK$1,000	100%	Not yet commenced business
HK Silver	Hong Kong, 25 September 2007	HK$10,000	70%	Trading of nickel ore

Except for Asia Growth which was incorporated during the year and HK Silver which was newly acquired during the year, there were no changes in the percentage of issued capital held by the Company since the last financial year.

The financial statements of the above subsidiaries have been audited by BDO Limited, Hong Kong for the purpose of the consolidated financial statements of the Group.

18. INVENTORIES – GROUP

	2015 HK$'000	2014 HK$'000
Raw materials	**5,048**	6,362
Work in progress	**1,291**	2,653
Finished goods	**8,092**	7,787
	14,431	16,802

19. TRADE RECEIVABLES – GROUP

The Group generally allows a credit period from 30 to 180 days (2014: 30 to 180 days) to its customers for the year.

	2015 HK$'000	2014 HK$'000
Trade receivables	**14,031**	15,772
Less: Allowance for impairment	**(7)**	(7)
	14,024	15,765

19. TRADE RECEIVABLES – GROUP (Continued)

Movement in the allowance for impairment of trade receivables is as follows:

	2015 HK$'000	2014 HK$'000
Balance at the beginning of the year	**7**	465
Impairment loss recognised	**–**	7
Amount recovered during the year	**–**	(108)
Amount written off during the year	**–**	(357)
Balance at the end of the year	**7**	7

The Group recognised impairment loss based on the accounting policy stated in note 2.7. The impaired trade receivables are due from customers experiencing financial difficulties.

Based on the due date, ageing analysis of the Group's trade receivables that are not impaired is as follows:

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	**9,493**	9,847
1 – 30 days past due	**2,354**	5,439
31 – 90 days past due	**955**	206
91 – 365 days past due	**824**	260
Over 1 year past due	**398**	13
	4,531	5,918
	14,024	15,765

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

Trade receivables that were past due but not impaired related to a number of diversified customers that had a good track record of credit with the Group. Based on past credit history, management believes that no further impairment allowance is necessary in respect of these balances as there is no significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral over these balances.

The directors consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES – GROUP AND COMPANY

	Group		Company	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Deposits paid to the supplier (note i)	**22,707**	–	**–**	–
Deposits	**241**	467	**19**	18
Prepayments	**190**	393	**48**	273
Other receivables	**255**	320	**5**	–
	23,393	1,180	**72**	291

Note:

(i) The deposits paid for purchases of nickel ore are unsecured and interest-free. The supplier is a related party (note 34(b)).

21. PLEDGED BANK DEPOSITS – GROUP

As at 31 December 2015, these deposits were pledged to secure the banking facilities granted to the Group (note 23) and earned interest of 0.01% per annum during the year ended 31 December 2015 (2014: Nil).

22. OTHER PAYABLES AND ACCRUALS – GROUP AND COMPANY

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables	**2,027**	882	**2**	27
Amounts due to former subsidiaries	**10,305**	12,130	**–**	–
Accruals	**1,612**	1,457	**550**	530
	13,944	14,469	**552**	557

Amounts due are unsecured, interest-free and have no fixed repayment terms.

23. BANK AND OTHER BORROWINGS – GROUP

	2015	2014
	HK$'000	HK$'000
Bank borrowings (note a)	**11,815**	6,958
Other borrowings (note b)	**1,001**	–
	12,816	6,958

(a) Bank borrowings

	2015	2014
	HK$'000	HK$'000
Portion of bank borrowings due for repayment within one year which contain a repayment on demand clause	**9,123**	3,075
Portion of bank borrowings due for repayment after one year which contain a repayment on demand clause	**2,692**	3,883
	11,815	6,958

The Group's bank borrowings as at 31 December 2015 were secured by the Group's leasehold land classified as finance lease and leasehold buildings (note 14) and pledged bank deposits (note 21) (2014: leasehold land classified as finance lease and leasehold buildings (note 14)).

The Group's bank borrowings as at 31 December 2015 and 2014 were guaranteed by a director of the Group.

Interest is charged on the bank borrowings at interest rates ranging from 2.42% to 6% (2014: 3.75% to 6%) per annum.

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

As at the reporting date, bank borrowings were due for repayment as follows:

	2015	2014
	HK$'000	HK$'000
Portion of bank borrowings due for repayment within one year	**9,123**	3,075
Portion of bank borrowings due for repayment after one year (note)		
- After 1 year but within 5 years	**2,692**	3,883
	11,815	6,958

23. BANK AND OTHER BORROWINGS – GROUP (Continued)

(a) Bank borrowings (Continued)

Note: The amounts due are measured based on the scheduled repayment dates as set out in the loan agreements and ignore the effect of any repayment on demand clause.

Certain banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratio, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants the drawn down facilities would become repayable on demand. In addition, certain of the Group's term loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time regardless of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the bank borrowings. The Group does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 35.4. As at 31 December 2015 and 2014, none of the covenants relating to drawn down facilities had been breached.

(b) Other borrowings

Amount due is guaranteed by the non-controlling shareholders and its employees of one of the Company's subsidiaries, bears interest of 12% per annum and repayable within one year.

24. CONVERTIBLE BONDS – GROUP AND COMPANY

On 23 February 2015 (i.e. the issue date), the Company issued 7% unlisted convertible bonds with an aggregate principal amount of S$3,503,459 (approximately to 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$0.1 per share for 35,034,597 shares of the outstanding principal. The interest will be payable by the Company annually in arrears.

The convertible bonds holders have the right to convert their convertible bonds into new shares at any time on or after 1 year from the issue date. The Company may early redeem the convertible bonds under the following conditions:

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

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

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

The proceeds from the issuance of the convertible bonds on the issue date of S$3,503,459 (approximately to 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 of the liability 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 as at the end of the reporting date 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 2015, the convertible bonds with an aggregate principal amount of S$3,503,459 (approximately to HK$19,970,000) remained outstanding.

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

	Liability component HK$'000	Derivative component HK$'000	Total HK$'000
Principal amount of convertible bonds issued	20,093	(123)	19,970
Transaction costs	(629)	–	(629)
Interest expenses (note 7)	1,226	–	1,226
Fair value loss (note 8)	–	122	122
Exchange difference	(799)	–	(799)
At 31 December 2015	19,891	(1)	19,890

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.

25. WARRANTS – GROUP AND COMPANY

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

	Derivative HK$'000
Principal amount of warrant issued	1,036
Fair value gain (note 5)	(692)
Exchange difference	(25)
At 31 December 2015	319

26. DEFERRED TAX – GROUP

The Group has unrecognised tax losses of approximately HK$3,235,000 (2014: HK$2,261,000) to carry forward against future taxable income. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses do not expire under current legislation.

27. SHARE CAPITAL

		2015		2014	
	Notes	**Number of shares**	**HK$'000**	Number of shares	HK$'000
Authorised:					
As at 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015, ordinary shares of HK$0.01 each		**10,000,000,000**	**100,000**	10,000,000,000	100,000
Issued and fully paid:					
As at 1 January, ordinary shares of HK$0.01 each		**354,670,733**	**3,548**	354,670,638	3,547
Issue of shares upon placement of HK$0.01 each	(i)	**50,000,000**	**500**	–	–
Issue of shares upon exercise of warrants of HK$0.01 each	(ii)	**–**	**–**	95	1
As at 31 December, ordinary shares of HK$0.01 each		**404,670,733**	**4,048**	354,670,733	3,548

Notes:

(i) On 28 May 2015, the Company entered into a placement agreement with the placement agent, pursuant to which an aggregate of 50,000,000 new ordinary shares were placed by the placement agent on behalf of the Company, at the issue price of S$0.032 (equivalent to HK$0.184) per placement share with the independent investors. As a result, the Company issued 50,000,000 new ordinary shares at S$0.032 (equivalent to HK$0.184) per share on 12 June 2015 and there was an increase in share capital and share premium of HK$500,000 and HK$8,716,000 respectively. Details of the placement are set out in the Company's announcements dated 28 May 2015, 9 June 2015 and 15 June 2015.

(ii) On 2 January 2014, 95 warrants at the exercise price of S$0.05 (equivalent to HK$0.307) per share were exercised. As a result, there was an increase in share capital and share premium of HK$1,000 and HK$1,000 respectively for the year ended 31 December 2014. No exercise of warrants was made during the year.

28. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2015 are presented in the consolidated statement of changes in equity of the financial statements.

(i) Share premium

Share premium account of the Group includes the premium arising from issue of shares of the Company at a premium.

(ii) Contributed surplus

Contributed surplus of the Group of HK$52,677,000 represents the capital reorganisation in 2010, reduction in par value of each share of the Company from HK$0.5 to HK$0.01 by cancelling the paid-up capital to the extent of HK$0.49 on each share in issue.

28. RESERVES (Continued)

(a) Group (Continued)

(iii) Share option reserve

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

(iv) Capital contribution reserve

Capital contribution reserve represents the capital contribution from non-controlling shareholders to one of the Company's subsidiaries.

(b) Company

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance as at 1 January 2014	28,716	75,659	–	(100,602)	3,773
Issue of shares upon exercise of warrants (note 27(ii))	1	–	–	–	1
Transaction with owners	1	–		–	1
Total comprehensive income for the year	–	–	–	(3,547)	(3,547)
Balance as at 31 December 2014 and 1 January 2015	28,717	75,659	–	(104,149)	227
Issue of shares upon placing (note 27(i))	8,716	–	–	–	8,716
Equity-settled share-based transactions (note 31)	–	–	1,041	–	1,041
Share issuing expense	(380)	–	–	–	(380)
Transaction with owners	8,336	–	1,041	–	9,377
Total comprehensive income for the year	–	–	–	(7,765)	(7,765)
Balance as at 31 December 2015	37,053	75,659	1,041	(111,914)	1,839

Contributed surplus

Contributed surplus of the Company of HK$75,659,000 represents:

(1) HK$22,982,000 as a result of the group restructuring, the excess of the nominal value of the Company's shares issued in exchange therefore over the combined net assets of the subsidiaries then acquired; and

(2) HK$52,677,000 as a result of the capital reorganisation in 2010, reduction in par value of each share of the Company from HK$0.5 to HK$0.01 by cancelling the paid-up capital to the extent of HK$0.49 on each share in issue.

Details of share premium account and share option reserve of the Company are set out in note 28(a)(i) and note 28(a)(iii) respectively above.

29. BUSINESS ACQUISITION

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

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

	HK$'000
Property, plant and equipment	41
Deposits, prepayments and other receivables	49,431
Pledged bank deposits	3,744
Cash and bank balances	333
Bank borrowings	(11,232)
Other payables and accruals	(41,837)
Tax payables	(70)
Net assets	410
Non-controlling interests (30%)	(123)
Net identified assets acquired	287
Fair value of consideration transfer:	
Cash	700
Goodwill (note 16)	413
Cash consideration	(700)
Less: Consideration payables included in other payables and accruals	700
Less: Cash and cash equivalents acquired	333
Cash inflow on acquisition	333

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

The goodwill of HK$413,000, which is not deductible for tax purposes, comprises the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group.

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

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

The acquisition-related costs of HK$142,500 have been expensed and are included in administrative expenses.

30. NON-CONTROLLING INTERESTS

HK Silver, a 70% owned subsidiary of the Company, has material non-controlling interests. Summarised financial information in relation to the non-controlling interest of HK Silver, before intra-group eliminations, is presented below:

	2015 HK$'000
For the year ended 31 December	
Revenue	**28,085**
Profit for the year	**455**
Total comprehensive income	**455**
Profit allocated to non-controlling interests	**137**
Dividends paid to non-controlling shareholders	**817**
For the year ended 31 December	
Cash generated from operating activities	**830**
Cash used in investing activities	**3,808**
Cash used generated from financing activities	**(4,522)**
Net cash inflows	**116**
At 31 December	
Current assets	**7,613**
Non-current assets	**40**
Current liabilities	**(7,083)**
Net assets	**570**
Accumulated non-controlling interests	**172**

31. SHARE-BASED 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.

				Number of share options			
Category of grantee	Notes	Date of grant	Exercisable period	Balance as at 1 January 2015	Granted during the year	Balance as at 31 December 2015	Exercise price per share
Under Joyas Share Option Scheme							
Non-executive directors and independent non-executive directors	(i)	25 May 2015	25 May 2016 to 24 May 2020	–	9,000,000	**9,000,000**	S$0.03
Under the general mandate							
Third party	(ii)	16 February 2015	16 February 2015 to 15 February 2020	–	12,000,000	**12,000,000**	S$0.021
Total				–	21,000,000	**21,000,000**	

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) Due to unique nature of the services received, the fair value of the services provided by the third party cannot be estimated reliably. The services received were 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.

31. SHARE-BASED COMPENSATION (Continued)

The exercise price of options outstanding at the end of the year ranged between S$0.021 (approximately to HK$0.12) and S$0.03 (approximately to HK$0.16)(2014: Nil) and their weighted average remaining contractual life was 4.25 years (2014: Nil).

Of the total number of options outstanding at the end of the year, no share options (2014: Nil) were exercisable at the end of the year.

The weighted average fair value of each option granted during the year was HK$0.12 (2014: Nil).

	2015		2014	
	Weighted average exercise price HK$	**Number**	Weighted average exercise price HK$	Number
Outstanding at beginning of the year	**–**	**–**	–	–
Granted during the year	**0.14**	**21,000,000**	–	–
Outstanding at end of the year	**0.14**	**21,000,000**	–	–

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

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

* 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 2015, the equity-settled share-based expense of HK$1,041,000 was recognised in profit or loss. The corresponding amount has been credited to the share option reserve (2014: Nil).

32. OPERATING LEASE COMMITMENTS

Group

As at 31 December 2015, total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**425**	355
In the second to fifth years inclusive	**330**	34
	755	389

Operating lease payments represent rentals payable by the Group for office premises. The leases run for initial periods of 1 to 2 years (2014: 1 to 2 years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and respective landlords. None of the leases include contingent rentals.

Company

As at 31 December 2015, the Company does not have any significant operating lease commitments (2014: Nil).

33. MAJOR NON-CASH TRANSACTIONS

During the year, HK Silver, a 70% owned subsidiary of the Company entered into assignment of debts with one of its customers and one of its suppliers, a related party, to transfer the deposits of HK$24,679,000 from its customers to the supplier (note 34(a)).

On 30 June 2014, Joyas Group Limited, a wholly owned subsidiary of the Company, Joyas Manufacturing Limited ("JML") and the purchaser of JML (the "Purchaser") entered into assignment of debts to transfer the outstanding consideration of HK$880,000 from the Purchaser to JML.

34. RELATED PARTY TRANSACTIONS

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

(a) Assignment of debts

During the year, a 70% owned subsidiary of the Company entered into assignments of debts with one of its customers and one of its suppliers, a related party, to transfer the deposits of HK$24,679,000 from its customers to the supplier.

(b) Purchases of goods

Related party relationship	Type of transaction	Transaction amount		Balance owed/(owing)	
		2015	2014	**2015**	2014
		HK$'000	HK$'000	**HK$'000**	HK$'000
				(note 20)	
Supplier which a key executive officer has an interest	Purchases of nickel ore	**25,199**	–	**22,707**	–

On 19 March 2015, HK Silver entered an exclusive agency agreement with the supplier for being an exclusive agent of sales of nickel ore produced by the supplier to the PRC including Hong Kong. A key executive officer 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 2015 are disclosed in note 20.

(c) Compensation of key management personnel

	2015	2014
	HK$'000	HK$'000
Total remuneration of directors and other members of key management personnel during the year		
- Salaries and allowances	**3,889**	3,400
- Share option expenses	**793**	–
- Pension costs – defined contribution plans	**72**	33
	4,754	3,433

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group's activities expose it to a variety of financial instrument risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance by closely monitoring the individual exposure. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purpose during the 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:

35.1 Categories of financial assets and liabilities

The carrying amounts of the financial assets and liabilities as recognised at the reporting date are categorised as follows. See notes 2.7 and 2.11 for explanations about how the categorisation of financial instruments affects their subsequent measurements.

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables:				
Trade receivables	**14,024**	15,765	**–**	–
Deposits and other receivables	**496**	787	**24**	18
Pledged bank deposits	**6,537**	–	**–**	–
Amount due from subsidiaries	**–**	–	**21,934**	4
Cash and bank balances	**13,846**	15,923	**4,634**	4,036
	34,903	32,475	**26,592**	4,058
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade payables	**10,427**	14,448	**–**	–
Other payables	**13,944**	13,012	**552**	27
Convertible bonds	**19,890**	–	**19,890**	–
Bank and other borrowings	**12,816**	6,958	**–**	–
Amount due to a subsidiary	**–**	–	**–**	7
	57,077	34,418	**20,442**	34
Financial liabilities at fair value through profit or loss:				
Warrants	**319**	–	**319**	–
	319	–	**319**	–
	57,396	34,418	**20,761**	34

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35.2 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 in Hong Kong and worldwide and most of the transactions are denominated in HK$, US$, Renminbi ("RMB") and S$. 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. During the year, management of the Company did not consider it necessary to use foreign currency forward contracts to hedge the exposure to foreign exchange risk as most of the assets and liabilities denominated in currencies other than the functional currency of the entities to which they related are short term foreign currency cash flows (due within 12 months).

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

	US$ HK$'000	RMB HK$'000	S$ HK$'000
As at 31 December 2015			
Trade receivables	5,399	131	–
Deposits and other receivables	470	–	72
Pledged bank deposits	–	–	5,477
Cash and bank balances	4,992	40	2,483
Trade payables	(3,436)	(6,122)	–
Convertible bonds	–	–	(19,890)
Warrants	–	–	(319)
Bank borrowings	(6,238)	–	–
Net exposure arising from financial assets and liabilities	1,187	(5,951)	(12,177)
As at 31 December 2014			
Trade receivables	4,225	202	–
Deposits and other receivables	89	–	291
Cash and bank balances	6,885	53	3,384
Trade payables	(5,306)	(7,501)	–
Bank borrowings	(1,397)	–	–
Net exposure arising from financial assets and liabilities	4,496	(7,246)	3,675

The following table illustrates the sensitivity of the Group's loss for the year and accumulated losses in regards to 3% for US$, RMB and S$ for the years ended 31 December 2015 and 2014 appreciation in the Group entities' functional currencies against the respective foreign currencies. The above percentages are the rates used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

Sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the assumed percentage changes in foreign currency rates taking place at the beginning of the year and held constant throughout the year.

	US$ HK$'000	RMB HK$'000	S$ HK$'000
31 December 2015			
Loss for the year and accumulated losses	(36)	179	365
31 December 2014			
Profit for the year and accumulated losses	135	(217)	110

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35.2 Market risk (Continued)

(i) Foreign currency risk (Continued)

A same percentage change in the Group entities' functional currencies against the respective foreign currencies would have the same magnitude on the Group's loss for the year and accumulated losses but of opposite effect.

These are the same method and assumption used in preparing the sensitivity analysis included in the financial statements for the year ended 31 December 2014.

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 relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group does not have significant interest-bearing financial assets. Cash at banks earn interest at floating rates of 0.01% (2014: 0.01%) per annum based on the daily bank deposits rates during the year. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

The Group's interest rate risk mainly arises from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group continually assesses and monitors the exposure to interest rate risk. During the year, management did not consider it necessary to use interest rate swaps to hedge their exposure to interest rate risk as the interest rate risk exposure is not significant.

The following table illustrates the sensitivity of the Group's loss for the year and equity to a possible change in interest rate of +/- 0.5% (2014: 0.5%), with effect from the beginning of the year. The sensitivity analysis is provided internally to key management personnel.

	Group			
	Loss/ (Profit) for the year and accumulated losses		Other components of equity	
	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2015	54	(54)	–	–
31 December 2014	35	(35)	–	–

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve month period.

The calculations are based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. Sensitivity analysis included in the financial statements for the year ended 31 December 2015 has been prepared on the same basis.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35.3 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's policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the directors. Payment record of customers is closely monitored. Monthly reports of customer payment history are produced and reviewed by the directors. When overdue balances and significant trade receivables are highlighted, the directors determine the appropriate recovery actions. It is not the Group's policy to request collateral from its customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. 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 has policies in place to ensure that sales of products are made to customers with an appropriate credit history and the Group assesses the credit worthiness and financial strength of its customers as well as considering prior dealing history with the customers. Generally customers are granted credit terms ranging from 30 to 180 days. Ageing analysis of trade receivables that are not impaired is set out in note 19. Management makes periodic collective assessment as well as individual assessment on the recoverability of trade receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any trade disputes with the debtors.

All the Group's cash and cash equivalents are held in the banks in Hong Kong. The credit risk on liquid funds is limited because the counterparties are the banks with good credit-rating.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 59% (2014: 69%) and 79% (2014: 83%) of the total trade receivables was due from the Group's largest trade receivables and the five largest trade receivables respectively and 97% (2014: Nil) of the total deposits, prepayments and other receivables was deposits paid to a supplier.

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.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 19.

35.4 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 policy is to regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutes to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at each of the reporting dates of the financial liabilities, which are based on the earliest date the Group and the Company may be required to pay.

Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lender were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35.4 Liquidity risk (Continued)

	Undiscounted cash outflows				
	Within 3 months or on demand HK$'000	More than 3 months but less than 1 year HK$'000	Over 1 year but within 5 years HK$'000	Total undiscounted amount HK$'000	Carrying amount HK$'000
Group					
As at 31 December 2015					
Trade payables	10,427	–	–	10,427	10,427
Other payables	13,944	–	–	13,944	13,944
Convertible bonds	1,343	–	24,561	25,904	19,890
Bank borrowings contain a repayment on demand clause	11,815	–	–	11,815	11,815
Other borrowings	1,001	–	–	1,001	1,001
	38,530	–	24,561	63,091	57,077
Company					
As at 31 December 2015					
Other payables	552	–	–	552	552
Convertible bonds	1,343	–	24,561	25,904	19,890
	1,895	–	24,561	26,456	20,442
Group					
As at 31 December 2014					
Trade payables	14,448	–	–	14,448	14,448
Other payables	13,012	–	–	13,012	13,012
Bank borrowings contain a repayment on demand clause	6,958	–	–	6,958	6,958
	34,418	–	–	34,418	34,418
Company					
As at 31 December 2014					
Other payables	27	–	–	27	27
Amount due to a subsidiary	7	–	–	7	7
	34	–	–	34	34

The table below summarises the maturity analysis of bank borrowings which contain repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in "on demand" time band in the maturity analysis above. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity analysis – Bank borrowings containing a repayment on demand clause based on scheduled repayments				
	Within 3 months or on demand HK$'000	More than 3 months but less than 1 year HK$'000	Over 1 year but within 5 years HK$'000	Total undiscounted amount HK$'000	Carrying amount HK$'000
31 December 2015	8,318	1,025	2,848	12,191	11,815
31 December 2014	2,311	1,025	4,215	7,551	6,958

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35.5 Fair value

Financial Instruments not measured at fair value

Financial instruments not measured at fair value include cash and bank balances, pledged bank deposits, trade receivables, deposits, prepayments and other receivables, trade payables, other payables and accruals, bank and other borrowings and liability component of convertible bonds.

Due to their short term nature, the carrying value of cash and bank balances, pledged bank deposits, trade receivables, deposits, prepayments and other receivables, trade payables, other payables and accruals, and bank and other borrowings approximates fair value.

The fair value of liability component of convertible bonds for disclosure purposes has been determined using discounted cash flow models and is classified as level 3 in the fair value hierarchy. Significant inputs include the discount rate used to reflect the credit risks of the borrowers or the Company.

Financial Instruments measured at fair value

The fair value of the derivative component of convertible bonds and warrants is determined based on the valuation performed by International valuation Limited using the applicable option pricing model and are classified as level 3 in the 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).

	Level1 HK$'000	Level2 HK$'000	Level3 HK$'000	Total HK$'000
Group and Company				
As at 31 December 2015				
Convertible bonds	–	–	(1)	(1)
Warrants	–	–	319	319
	–	–	318	318

36. CAPITAL MANAGEMENT

The Group's capital management objectives are:

(a) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for equity holders;

(b) to support the Group's sustainable growth; and

(c) to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of the dividends paid to equity holders, return capital to equity holders or issue new shares. Management regards total equity plus net debts as capital, for capital management purpose. Net debt is calculated as total liabilities as shown in the consolidated statement of financial position less pledged bank deposits and cash and bank balances. The amount of capital as at 31 December 2015 amounted to HK$60,601,000 (2014: HK$46,392,000), which management considers as optimal having considered the projected capital expenditures and the forecast strategic investment opportunities.

37. EVENTS AFTER THE REPORTING DATE

On 8 March 2016, the Company announced that the Company is proposing to undertake a non-renounceable non-underwritten rights issue (the "Rights Issue") of up to 2,429,236,398 new ordinary shares in the capital of the Company (the "Right Shares") at an issue price of S$0.0035 for each Right Shares, on the basis of six Right Shares for every one existing ordinary share in the capital of the Company held by the shareholders of the Company (the "Shareholders") as at a time and date to be determined by the directors of the Company for the purpose of determining the Shareholders' entitlements under the Rights Issue. The directors of the Company estimated that the maximum net proceeds of the Rights Issue will be S$8.16 million and the minimum net proceeds of the Rights Issue will be S$4.01 million. As at the date of the approval of the financial statements among others, the Rights Issue is subject to the approval of the Shareholders. Details of the proposed Rights Issue are set out in the Company's announcement dated 8 March 2016.

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

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2015 ("**FY2015**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**"). In line with the Code, the Board of Directors (the "**Board**") has adhered to the principles and guidelines of the Code (where applicable) and all deviations from the Code are disclosed and explained.

BOARD OF DIRECTORS

Principle 1 : Board's Conduct of its Affairs

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

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

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

3. reviewing Management performance;

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

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

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

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

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

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

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

During FY2015, briefing, updates and trainings for the Directors includes:

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

- updates by the Company Secretary on amendments to the Companies Act, and Catalist Rules, from time to time.

The number of meetings held in respect of FY2015 and the attendance of the Directors are set out in the table below:

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

[1] Cheung Wai Hung, Danny resigned as Executive Director of the Company with effect from 15 November 2015.

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

Principle 2 : Board Composition and Guidance

The Board comprises:

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

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

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

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

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

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

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

The composition of the Board and independence of each Non-Executive Director are and will be reviewed annually by the Nominating Committee in accordance with the guidelines under the Code. None of the Directors have served beyond nine years.

Principle 3 : Role of the Managing Director

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

The responsibilities of the Chairman and Managing Director include:

1. leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;

2. ensuring that the Directors receive accurate, timely and clear information;

3. ensuring effective communication and preserving harmonious relations with the shareholders;

4. encouraging constructive relations between the Board and Management and between the Executive Directors and Non-Executive Directors;

5. facilitating the effective contribution of the Non-Executive Directors in particular;

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

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

Pursuant to Guideline 3.3 of the Code, Mr Cheung King Kwok had been appointed as the Lead Independent Director of the Company as the role of the Chairman and the Chief Executive Officer is vested in the same person, Mr Lau Chor Beng, Peter, who is the Managing Director of the Company.

BOARD COMMITTEES

NOMINATING COMMITTEE

Principle 4 : Board Membership

Principle 5 : Board Performance

The members of the NC are as follows:

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

The NC is made up of three Non-Executive Directors with two of them, including the Chairman being independent. The NC is scheduled to meet at least once a year and had convened a meeting on 27 February 2015. The NC is regulated by a set of terms of reference and its role, includes, but not limited to establish a formal and transparent process for:

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

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

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

4. assessing the effectiveness of the Board as a whole 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 endorsement by the Board of the identified attributes, the NC taps on the resources of the Directors' personal contacts for recommendations of potential candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. The potential candidates will go through a shortlisting process. Interviews are then set up with the shortlisted candidates for the NC to assess them before a decision is made. The NC would then proceed to recommend the selected candidate to the Board for appointment.

New Directors are appointed by way of a board resolution, after the Board and NC has approved their nominations. Such new Directors submit themselves for re-election at the next Annual General Meeting ("**AGM**") of the Company. Pursuant to the Company's Bye-Laws, every Director shall retire from office once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that no Director holding office as Managing Director or a person holding an equivalent position shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. Profiles of the Directors are found on pages 10 and 11 of this Annual Report. The Directors who are retiring and who, being eligible, will offer themselves for re-election at the forthcoming AGM are named below:

Name of Director	Date of initial appointment	Due for re-election
Ong Chor Wei	21 December 2007	√
Lim Siang Kai	21 December 2007	√

The role of the NC also includes the responsibility of reviewing the re-nomination of Directors who retire by rotation, taking into consideration the Director's integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC. The NC, with Mr Ong Chor Wei having abstained from the deliberations, had reviewed and recommended that Mr Ong Chor Wei who will retire via rotation pursuant to Bye-Law 104 of the Bye-Laws of the Company, be nominated for re-election as Director at the forthcoming AGM of the Company and subject to being duly re-elected, Mr Ong Chor Wei will remain as the Deputy Chairman and Non-Executive Director and a member of the AC, NC and RC.

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

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

The NC is of the view that it is for each director to assess his own capacity and ability to undertake other obligations or commitments and hence no maximum number of listed company board representations a Director may hold is prescribed. If a Director is on the Board of other companies, the NC will consider whether adequate time and attention have been devoted to the Company. In the event that there are sufficient grounds for concern, the Chairman and Managing Director shall discuss, 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 these Directors are able to and have adequately carried out their duties as Directors of the Company.

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the individual Directors for their contribution and their commitment to their role. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board's composition and size, the Board's processes, the Board's effectiveness and training, the provision of information to the Board, the Board's standards of conduct and financial performance indicators. Such performance criteria are approved by the Board and they address how the Board has enhanced long term shareholders' value. A Board evaluation is conducted annually whereby Directors completed a self-assessment checklist based on the abovementioned various areas of assessment to assess their views on various aspects of Board's, Board Committees' and individual Director's performance. The Company Secretary collated and submitted the questionnaire results to the NC Chairman. The NC then discussed the results of the assessment and concluded the performance results during the NC meetings. No external facilitator has been engaged to assist in the Board's performance for FY2015.

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

AUDIT COMMITTEE

Principle 11 : Risk Management and Internal Controls

Principle 12 : Audit Committee

Principle 13 : Internal Audit

The AC Comprises the following Directors:

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

The AC is made up of three Non-Executive Directors with two of them, including the Chairman is independent. The AC is scheduled to meet at least two times a year. For FY2015, the AC met two times. The AC is regulated by a written set of terms of reference and performs 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 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;

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

4. reviewing the overall adequacy and effectiveness of the Group's material internal accounting and financial controls, and risk management;

5. nominating or recommending the nomination of the external auditors for appointment, re-appointment or removal;

6. approving the remuneration and terms of engagement of the external auditors;

7. reviewing the independence and objectivity of the external auditors at least annually; and

8. 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 Management, full discretion to invite any Director or key executive to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the AC Chairman, have accounting or related financial management expertise and experience.

During the year, the AC attended external seminars on financial, corporate governance, regulatory and other business related topics to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.

The external auditors have full access to the AC. The Company has put in place a whistle-blowing framework, endorsed by the AC, where employees of the Group may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence to the AC. This arrangement facilitates independent investigation of such matters for appropriate resolution. 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 FY2015, the AC met once with the external auditors and internal auditors without the presence of the Management. The AC shall review all non-audit services provided by the external auditors and shall keep the nature and extent of such services under review to balance the maintenance of objectivity. For the year under review, there were no non-audit services performed by the external auditors. The Company confirms that it complies with Rules 712 and 715 of the Listing Manual Section B: Rules of the Catalist of the SGX-ST (the "**Catalist Rules**"). In FY2015, the Company engaged Luk Po Shan, Certified Public Accountant, Hong Kong ("**Luk Po Shan, CPA, Hong Kong**") to audit its subsidiary, Hong Kong Silver Basic Group Limited ("**HK Silver**") and Fairyield CPA Limited, Hong Kong to audit its other subsidiaries, namely Happy Time Industries Limited, J&J Design Limited and Royce Gifts & Accessories Limited (together with HK Silver, the "HK Subsidiaries"). The financial statements of the HK Subsidiaries have been audited by BDO Limited, Hong Kong for the purpose of the consolidated financial statements of the Group. The Company engaged Luk Po Shan, CPA, Hong Kong and Fairyield CPA Limited, Hong Kong to perform audit on the HK Subsidiaries for tax related purposes. In relation to the HK Subsidiaries, as required by Rule 716 of the Catalist Rules, the Company wishes to confirm that its Board and AC are satisfied that the appointment of Luk Po Shan, CPA, Hong Kong and Fairyield CPA Limited, Hong Kong as auditors for the HK Subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The Board ensures that the Management maintains a sound system of risk management and internal controls which is designed to provide a reasonable but not absolute assurance as to the integrity and reliability of the financial information and to safeguard the shareholders' investment and the Group's assets. The external auditors highlighted certain operational and business risks that they became aware of during their audit for FY2015, and have communicated and reported such risks to the AC. The AC and the Management have acknowledged and followed up on the external auditor's recommendations and ensured that the risks highlighted are reasonable and manageable in light of all commercial factors.

The AC assesses the independence of the external auditors annually. The aggregate amount of fees paid for the external auditors of the Group (BDO Limited, Hong Kong, BDO LLP, Singapore, Luk Po Shan, CPA, Hong Kong and Fairyield CPA Limited, Hong Kong) for FY2015 was:

	HK$'000
Audit fees	712
Non-audit fees	–
Total fees	712

There were no non-audit fees paid in FY2015.

For internal audit work relating to FY2014, the Company outsourced the internal audit function to an external accounting firm, David Ho & Company, which carried out a review of the effectiveness of the material internal controls of certain cycles of the Group's principal subsidiary, Royce Gifts & Accessories Limited ("**Royce**"). David Ho & Company communicated their findings to the Management over the course of the audit. Key areas for improvement were highlighted and prioritised. David Ho & Company did not find any major shortcoming in the system of internal controls of Royce which would suggest the internal controls of Royce to be inadequate. David Ho & Company has completed its internal audit work relating to FY2014 on Royce in FY2015.

For internal audit work relating to FY2015, the Company has also appointed David Ho & Company to carry out a review of the effectiveness of the material internal controls of the Group. As at the date of this Annual Report, such internal audit work is still in progress and David Ho & Company has not highlighted any material issues in relation to the internal audit. The Management will provide an update on the relevant findings and follow-up actions taken when the internal audit is completed.

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 FY2015 on the adequacy and effectiveness of the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks. The assessment considered issues dealt in the external and internal auditors' reports reviewed by the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2015. In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group are exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them. There was no significant internal control weaknesses arising from the annual assessment undertaken in FY2015.

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

Based on the framework of risk management and internal controls established and maintained by the Group, work performed by the external auditors, work performed by the internal auditors to date, annual review performed by 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 2015.

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)
Ong Chor Wei (Member)
Cheung King Kwok (Member)

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

The RC is scheduled to meet at least once a year and had convened a meeting in FY2015. 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 executives. No remuneration consultants were engaged in FY2015.

The RC's main duties are:

1. to review and recommend to the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Directors and key executives, including those employees related to the Executive 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 deemed expedient, subject to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

As part of its review, the RC shall ensure that:

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

2. the remuneration packages of Directors and key executives are comparable to companies in same or similar industries and that for Executive Directors, a significant proportion of such remuneration packages include performance-related elements;

3. the performance-related elements mentioned above are designed to align interests of Executive Directors with those of shareholders, that they link rewards to corporate and individual performance and that there are appropriate and meaningful measures for the purpose of assessing such performance-related elements in respect of Executive Directors;

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

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

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

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

Executive Directors do not receive directors' fees. The remuneration policy for Executive Directors and key executives consists of salary, bonus, pension fund contributions and benefits-in-kind. The performance conditions used to determine the entitlement of the Executive Director and key executives under short-term incentive scheme (such as bonus) and long term incentive scheme (such as Joyas Share Option Scheme) comprises of qualitative and quantitative conditions. Examples of quantitative conditions are target revenue, target profit, sales growth and years of service. Examples of qualitative conditions are on-the-job performance, leadership, teamwork, etc. The performance conditions are set by RC. The inclusion of the performance conditions in the service agreement of the Executive Directors and key executives are done in a review conducted prior to the renewal of the service agreement of the Executive Director and key executives. There was no variable remuneration paid to Executive Directors and key executives in FY2015. However, the RC has reviewed the performance of the Executive Directors and key executives for FY2015, and is of the view that their performances have been satisfactory.

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

The Executive Directors are paid in accordance with their respective service agreements. These service agreements are not excessively long and they do not have onerous removal clauses. The Executive Directors or the Company may terminate the service agreement by giving to the other party not less than three months' notice in writing, or in lieu of notice, payment of an amount equivalent to three months' salary based on the Executive Director's last drawn salary. The RC aims to be fair and avoids rewarding poor performance, if any. In the next review of the Executive Directors' and key executives' service contract, the RC will consider using contractual provisions to allow the Company to reclaim bonuses or other incentive components of remuneration from the Executive Directors and key executives in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Directors' Remuneration

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

Directors	Salary HK$'000	Directors' Fee HK$'000*	Percentage of Variable Remuneration %	Percentage of Fixed Remuneration (including Directors' Fee) %	No. of Stock Options granted as at 31 December 2015 (Exercise Price#) '000
Executive Directors Below S$250,000					
Lau Chor Beng, Peter	368	–	–	100	–
Cheung Wai Hung, Danny (note)	426	–	–	100	–
Non-executive Directors Below S$250,000					
Kwok Chin Phang	–	111	–	100	3,000
Ong Chor Wei	–	111	–	100	3,000
Cheung King Kwok	–	136	–	100	1,500
Lim Siang Kai	–	121	–	100	1,500

* The remuneration in the form of Directors' Fee is subject to the approval of the Shareholders at the forthcoming AGM.
# The exercise price of the share options granted to Kwok Ching Phang (3 million share options), Ong Chor Wei (3 million share options), Cheung King Kwok (1.5 million share options) and Lim Siang Kai (1.5 million share options) on 25 May 2015 is S$0.03.

Note:

Cheung Wai Hung, Danny resigned as Executive Director of the Company with effect from 15 November 2015.

Remuneration of Key Executive Officers

Details of remuneration paid to the key Executive Officers (who are not Directors) of the Company for the financial year are set out below. The remuneration of the key Executive Officers consists of their salary, bonus, MPF and benefits-in-kind.

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

	Percentage of Variable Remuneration %	Percentage of Fixed Remuneration (including Directors' Fee) %	No. of Stock Options granted as at 31 December 2015 (Exercise Price)
Key Executive Officers Below S$250,000			
Chan Shui Ki	–	100	–
Lau Chor Wing	–	100	–
Lau Ka Yiu	–	100	–
Lui Mui Ching	–	100	–
Tung Ka Chun	–	100	–
Wang De Zhou	–	100	–

In aggregate, the remuneration of the key Executive Officers set out in the table above for the financial year under review is S$467,000 (rounded to the nearest thousand).

There were no termination, retirement and post-employment benefits that may be granted to Directors, the Managing Director and the top 5 key executives in FY2015.

Mr Lau Ka Yiu (the Executive Officer) is the son of Mr Lau Chor Beng, Peter (the Chairman and Managing Director) and the nephew of Mr Lau Chor Wing (the Executive Officer) and Mr Cheung Wai Hung, Danny (the Chief Administrative Officer of Joyce Gifts and Accessories Limited, a subsidiary of the Group). Mr Lau Chor Wing is the brother of Mr Lau Chor Beng, Peter. Mr Cheung Wai Hung, Danny is the brother-in-law of Mr Lau Chor Beng, Peter.

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

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

Share Option Scheme

The Company has adopted a share option scheme known as the Joyas Share Option Scheme (the "**Scheme**"), for the granting of options to reward and retain employees of the Group and of associated companies whose services are vital to the Group's well-being and success. The Company has amended the rule of the Scheme to allow the participation of the Executive Directors and Non-Executive Directors in the Scheme. The Shareholders had duly approved the amendments to the Scheme in a Special General Meeting held on 8 January 2015. However, the Group employees who are controlling shareholders (holding 15% or more of the shareholding of the Company's issued share capital) of the Company or their associates are not eligible to participate in the Scheme. Options are granted for a term of 10 years to purchase the Company's ordinary shares at an exercise price determined by the Remuneration Committee, at its absolute discretion at (a) a price equal to the average of the last dealt prices of the Company's shares on the SGX-ST for the five consecutive market days immediately prior to the relevant date of grant of the options (the "**Average Price**"); or (b) a discount to the Average Price provided that the maximum discount which may be given in respect of any options shall not exceed 20% of the Average Price. These options do not entitle the holders to participate, by virtue of the options, in any share issue of any other corporation. Since the commencement of the Scheme on 21 December 2007, 9,000,000 share options have been granted by the Company. For the details in relation to the grant of the share options, please refer to the Company's announcements dated 25 May 2015.

Principle 6 : Access to Information

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

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

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

COMMUNICATION WITH SHAREHOLDERS

Principle 10 : Accountability

Principle 14 : Shareholder Rights

Principle 15 : Communication with Shareholders

Principle 16 : Conduct of Shareholder Meetings

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

The Company may also hold media meetings on significant events.

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

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

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

The Company records minutes of all AGMs and questions and comments from shareholders together with the respective responses are also recorded. These are available to shareholders upon request. The Company does not have a dividend policy. As the Company's current priority is to achieve long-term growth for the benefit of its shareholders, its profits shall therefore be retained for investment into the future. As such, no dividends are paid for FY2015. The Board would consider establishing a dividend policy at the appropriate time.

DEALINGS IN SECURITIES

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

The Company, Directors and all officers are prohibited from dealing in the Company's securities at least one month before the announcement of the Company's half-year and full-year results until the date of the release of the announcement.

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

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

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

MATERIAL CONTRACTS

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

RISK MANAGEMENT

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

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

INTERESTED PERSON TRANSACTIONS

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

The Group has not obtained a general mandate from shareholders for interested person transactions. There were no IPT with value of more than S$100,000 entered into during the financial year under review.

USE OF NET PROCEEDS

Use of net proceeds from the issue of 18,173,980 Warrants in FY2015 ("2015 Warrants")

As disclosed in the six months period ended 30 June 2015 results announcement, the net proceeds from the issue of 2015 Warrants was nil, after deducting professional fees and related expenses.

Use of net proceeds from the issue of S$3,503,459 in aggregate principal amount of convertible bonds in FY2015 ("**Convertible Bonds**")

The Group's utilisation of the net proceeds of approximately S$3.3 million from the issue of Convertible Bonds is set out as below:

Use of net proceeds	Amount of net proceeds allocated S$'000	Amount utilised to date S$'000	Amount unutilised to date S$'000
Exploration of and investment in business opportunities in the Nickel Distribution and Trading Business	2,640	2,640	–
General working capital[1] purposes, including the general purchase of inventories and payment of operating expenses	660	300[1]	360
Total	3,300	2,940	360

[1] The amount of net proceeds utilised for general working capital was used for administrative expenses was S$200,000 and settlement of accounts payable was S$100,000.

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

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

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

Use of net proceeds	Amount of net proceeds allocated S$'000	Amount utilised to date S$'000	Amount unutilised to date S$'000
General working capital[1]	770.5	770.5[1]	–
Potential investments and acquisitions	770.5	–	770.5
Total	1,541	770.5	770.5

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

The allocation and utilisation of the net proceeds from the Placement is in accordance with the intended use as stated in the announcement with respect to the Placement dated 28 May 2015.

NON-SPONSORSHIP FEES

The Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., had been appointed as continuing sponsor of the Company with effect from 5 May 2015. For FY2015, the Company paid non-sponsorship fees of S$5,000.00 per month to its sponsor.

CORPORATE GOVERNANCE SUMMARY

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

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

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code. (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(a) The Company has complied with the principles and guidelines as set out in the Code, where applicable. Appropriate explanations have been provided in the relevant sections in the Corporate Governance Report where there are deviations from the Code. (b) The Company did not adopt any alternative corporate governance practices in FY2015.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Matters that specifically require Board approval include corporate and strategic directions, nomination of directors to the Board, appointment of key management personnel, material acquisitions and disposals of assets, share issuances, dividends and other forms of returns to shareholders.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees? (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate. (c) What steps has the Board taken to achieve the necessary to maximise its effectiveness?	(a) The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. (b) The current composition of the Board provides diversity in terms of skills, experience and knowledge. The current Board consists of Directors with relevant skills in the following areas: product development, business administration, business management, business consulting, accounting or finance, corporate finance, audit, compliance and risk management. Furthermore, each Director has relevant qualifications and experience in their respective field of expertise. Key information on directors can be found in the "Board of Directors" section of this Annual Report. From a gender perspective, there is as yet no diversity as the Board comprised of male Directors. (c) The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the individual Directors for their contribution and their commitment to their role. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board's composition and size, the Board's processes, the Board's effectiveness and training, the provision of information to the Board, the Board's standards of conduct and financial performance indicators. Such performance criteria are approved by the Board and they address how the Board has enhanced long term Shareholders' value.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	In the selection and nomination for new Directors, the NC identifies the key attributes that an incoming Director should have, based on the attributes which complement and strengthen the existing Board as well as the requirements of the Group. After endorsement by the Board of the identified attributes, the NC taps on the resources of the Directors' personal contacts for recommendations of potential candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. The potential candidates will go through a shortlisting process. Interviews are then set up with the shortlisted candidates for the NC to assess them before a decision is made. The NC would then proceed to recommend the selected candidate to the Board for appointment. New Directors are appointed by way of a board resolution, after the Board and NC has approved their nominations. Such new Directors submit themselves for re-election at the next Annual General Meeting ("**AGM**") of the Company. Pursuant to the Company's Bye-Laws, every Director shall retire from office once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that no Director holding office as Managing Director or a person holding an equivalent position shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. The role of the NC also includes the responsibility of reviewing the re-nomination of Directors who retire by rotation, taking into consideration the Director's integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC.

Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why. (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(a) There were no incoming directors during the course of the financial year. When new Directors are appointed, the Company will provide a formal letter to the new Directors setting out their duties and obligations. In addition, the new Directors will undergo an orientation program where the Managing Director will brief them on the Group's business, policies and governance practices to ensure that they are familiar with them. Directors and key executives undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. Other forms of training include governance practices and training in accounting, legal and industry-specific knowledge. (b) All Directors are updated regularly concerning any changes in company policies, risk management, accounting standards, relevant new laws, regulations and changing commercial risks. Directors are encouraged to attend, at the Group's expense, relevant and useful training or seminars conducted by external organisations. News releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the directors are circulated to the Board. The Board was briefed regularly by the Company's auditors on the key changes to the Singapore Financial Reporting Standards. The Board was given updates at each meeting on business and strategic development pertaining to the Group's business.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number? (b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations in deciding on the capacity of the directors?	(a) 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. (b) The Company has established internal guidelines to address the competing time commitments faced by these Directors serving on multiple boards. (c) If a Director is on the Board of other companies, the NC will consider whether adequate time and attention have been devoted to the Company. In the event that there are sufficient grounds for concern, the Managing Director shall discuss, and if necessary, bring to the attention of the Director of the issues and in any continuance, the consequences flowing from the situation.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year? (b) Has the Board met its performance objectives?	(a) The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the individual Directors for their contribution and their commitment to their role. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board's composition and size, the Board's processes, the Board's effectiveness and training, the provision of information to the Board, the Board's standards of conduct and financial performance indicators. Such performance criteria are approved by the Board and they address how the Board has enhanced long term shareholders' value. (b) The NC has assessed the performance of the current Board's overall performance during the financial year under review, and is of the view that the Board has met its performance objectives.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on proportion of the independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	The Board has complied with the requirements of the Code. At least one-third of the Board comprises Independent Directors. The Independent Directors chair all the Board Committees which play a pivotal role in supporting the Board.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not be to independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There is no Director who falls under the category as described here.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	None of the Directors have served on the Board beyond nine (9) years from the date of their first appointment.

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into fixed/base salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, sharebased incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, as set out under Principle 9 of the Corporate Governance Report.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into fixed/base salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(a) Yes, as set out under Principle 9 of the Corporate Governance Report. (b) The aggregate total remuneration paid to the top 6 key executives (who are not Directors or the Managing Director) was approximately S$467,000 (rounded to the nearest thousand).
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during this year? If so, please identify the employee and specify the relationship with the relevant director or CEO.	Yes, as set out under Principal 9 of the Corporate Governance Report.
Guideline 9.6	(a) Please describe how the remuneration received by the executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and the long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	(a) The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2015. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and fixed allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives. (b) The performance conditions used to determine the entitlement of the Executive Directors and key executives under short-term incentive scheme (such as Bonus) and long term incentive scheme (such as Joyas Share Option Scheme) comprises of both qualitative and quantitative conditions. Examples of quantitative conditions are target revenue, target profit, sales growth and years of service. Examples of qualitative conditions are on-the-job performance, leadership, teamwork, etc. The performance conditions are set by the RC. The inclusion of the performance conditions in the service agreement of the Executive Directors and key executives is done in a review conducted prior to the renewal of the service agreement of the Executive Directors and key executives. (c) There was no variable remuneration paid to Executive Directors and key executives in FY2015. However, the RC has reviewed the performance of the Executive Directors and key executives for FY2015, and is of the view that their performances have been satisfactory.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is this information provided.	In order to ensure that the Board is able to fulfill its responsibilities, Management provides the Board members with regular management accounts and all relevant information for assessment of the Group's performance. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings and AC meetings to answer queries and provide detailed insights into their areas of operations. The Board, either individually or as a group, also has separate and independent access to the senior management staff. A quarterly report of the Group's activities is also provided to the Directors.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. The Company has outsourced its internal audit function to an external accounting firm, David Ho & Company ("**IA**"). The IA reports primarily to the AC and has unrestricted access to the documents, records, properties and personnel of the Company and the Group.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	(a) The Board with the assistance of the AC has undertaken an annual assessment in FY2015 on the adequacy and effectiveness of the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks. The assessment considered issues dealt in the external and internal auditors' reports reviewed by the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2015. In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group are exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them. There is no significant internal control weakness arising from the annual assessment undertaken in FY2015.

Guideline	Questions	How has the Company complied?
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(b) The Board has also received assurances from the Managing Director and the Accounting Manager that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and the Group's risk management systems and internal control systems are adequate and effective. Based on the framework of risk management and internal controls established and maintained by the Group, work performed by the external auditors, work performed by the internal auditors to date, annual review performed by 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 2015.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	(a) The aggregate amount of fees paid for the external auditors of the Group (BDO Limited, Hong Kong, BDO LLP, Singapore, Luk Po Shan, CPA, Hong Kong and Fairyield CPA Limited, Hong Kong) for the financial year ended 31 December 2015 was: HK$'000 Audit fees 712 Non-audit fees – Total fees 712
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(b) For the year under review, there were no non-audit services performed by the external auditors.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	(a) Yes. The Company recognises the need to communicate regularly, effectively and fairly with shareholders on all material matters affecting the Group and does not practice selective disclosure. In this respect, the Board presents a balanced and understandable assessment of the Group's performance, position and prospects and such responsibility extends to price sensitive announcements, including half-year and full-year results and reports to regulators, if any, all of which are released through SGXNET. All press releases are announced through SGXNET before they are published. Where there is inadvertent disclosure made to a selected group, the Company ensures that the same is disclosed publicly to all others as soon as practicable. To date, there are no such inadvertent disclosures. Shareholders are encouraged to attend, to participate effectively, to vote in the general meetings of the Company, to stay informed of the Company's strategy and goals, in order to ensure a high level of accountability. Notice of the general meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 working days before the meeting. If and where questions are presented by the shareholders (in a general meeting or otherwise), the Company will communicate with its shareholders and attend to such questions. The Company meet with institutional and retail investors at least once a year at the AGM of the Company.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	(b) Yes, the Company has a dedicated investor relations team and at the same time has also hired external consultant to handle investors' relations.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(c) The Group proactively engages shareholders through analyst / media briefings, investor conferences and road shows. In these meetings, matters pertaining to business strategy, operational and financial performance and business prospects were shared by the senior management team.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	As the Company's current priority is to achieve long-term growth for the benefit of its shareholders, its profits shall therefore be retained for investment into the future. As such, no dividends would be paid for FY2015. The Board would consider establishing a dividend policy at the appropriate time.

Authorised share capital	–	HK$100,000,000
Issued and fully paid-up	–	HK$4,048,727
Issued and fully paid-up shares excluding treasury shares	–	404,872,733
Class of shares	–	Ordinary shares of HK$0.01 each
Voting rights	–	1 vote per ordinary share
Treasury shares	–	Nil

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 18 March 2016, 50.50% 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	12	1.33	182	0.00
100 – 1,000	150	16.65	145,913	0.04
1,001 – 10,000	285	31.63	1,460,064	0.36
10,001 – 1,000,000	421	46.73	75,325,600	18.60
1,000,001 AND ABOVE	33	3.66	327,940,974	81.00
Total	**901**	**100.00**	**404,872,733**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	JOYAS INVESTMENTS GROUP LIMITED	120,421,638	29.74
2	REACH WIN LIMITED	80,000,000	19.76
3	KWOK CHIN PHANG	13,538,000	3.34
4	OCBC SECURITIES PRIVATE LIMITED	10,792,990	2.67
5	FORTE CAPITAL MANAGEMENT PTE LTD	10,029,700	2.48
6	FRANCIS LEE FOOK WAH	8,432,346	2.08
7	LOO BEE KENG	8,305,600	2.05
8	RAFFLES NOMINEES (PTE) LIMITED	7,135,500	1.76
9	RHB SECURITIES SINGAPORE PTE. LTD.	6,778,500	1.67
10	KOH YEW CHOO	5,892,000	1.46
11	TAN WEE HIAN	4,990,000	1.23
12	CHONG MOI OR NYANG POH CHIN	4,500,000	1.11
13	NG BAN HOCK	4,028,000	0.99
14	TAN LYE SENG	4,025,800	0.99
15	SEAH KHOON POH	3,700,200	0.91
16	LIM & TAN SECURITIES PTE LTD	3,550,000	0.88
17	CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,330,000	0.82
18	ONTHAWORN BANCHA	3,000,000	0.74
19	GRAND SHIPPING & TRADING PTE LTD	2,750,000	0.68
20	PHILLIP SECURITIES PTE LTD	2,574,500	0.64
	TOTAL	**307,774,774**	**76.00**

SHAREHOLDING STATISTICS

as at 18 March 2016

SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
	Direct Interest	%	Deemed Interest	%
Joyas Investments Group Limited (1) (6)	120,421,638	29.74	–	–
Lau Chor Beng, Peter (2) (3) (5)	–	–	120,421,638	29.74
Reach Win Limited (6) (7) (8)	80,000,000	19.76	–	–
Delton Group Limited (7)	–	–	80,000,000	19.76
Cavendish Limited (8)	–	–	80,000,000	19.76
Ong Chor Wei (7)	–	–	80,800,000	19.96
Yung Fung Ping (8)	–	–	80,000,000	19.76

Notes:-

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

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

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

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

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

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

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

(6) During the year ended 31 December 2015, Joyas Investments Group Limited transferred 80,000,000 shares, equivalent to 19.76% interest, in the Company to Reach Win Limited.

(7) 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 800,000 shares acquired through his nominee, Royal Bank of Canada (Singapore Branch) on 12 January 2015, is deemed to have an interest of 80,800,000 shares in the issued and paid-up share capital of the Company.

(8) 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.

The listed warrants issued in January 2011 had expired on 25 January 2016.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Joyas International Holdings Limited (the "**Company**") will be held at 1 Robinson Road, #18-00 AIA Tower, Singapore 048542 on Thursday, 28 April 2016 at 9.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Directors' Report and Auditors' Report thereon. **(Resolution 1)**

2. To approve Directors' fees of HK$507,600 for the financial year ending 31 December 2016 (2015: HK$478,350). **(Resolution 2)**

3. To re-elect Mr Ong Chor Wei retiring pursuant to Bye-Law 104 of the Bye-Laws of the Company.

   *Mr Ong Chor Wei, will upon re-election as a Director of the Company, shall remain as the Deputy Chairman and Non-Executive Director of the Company. He will also remain as a member of the Audit Committee, the Nominating Committee and Remuneration Committee. He will be considered non-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 Ong Chor Wei can be found on page 10 of the Annual Report.* **(Resolution 3)**

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

   Mr Lim Siang Kai, will upon re-election as a Director of the Company, shall remain as an Independent Non-Executive Director of the Company. He will also remain as a Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. He will be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Information of Mr Lim Siang Kai can be found on page 11 of the Annual Report. **(Resolution 4)**

5. To re-appoint BDO Limited, Hong Kong and BDO LLP, Singapore as joint auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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

AS SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

   provided that:

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

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

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

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

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

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

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

By Order of the Board

Gwendolyn Gn Jong Yuh
Lui Mui Ching
Company Secretaries
Singapore, 5 April 2016

Explanatory Notes:

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

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

Notes:

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

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

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

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

Personal data privacy:

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

ANNUAL REPORT 2015

JOYAS INTERNATIONAL HOLDINGS LIMITED