

ANNUAL REPORT 2014

INNOVATION DESIGNS OF THE
HIGHEST QUALITY

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Lau Chor Beng, Peter (Managing Director) Cheung Wai Hung, Danny (Executive Director) Kwok Chin Phang (Non-Executive Director) Ong Chor Wei (Non-Executive Director) Cheung King Kwok (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
INVESTMENT COMMITTEE	:	Cheung Wai Hung, Danny (Chairman) Ong Chor Wei Kwok Chin Phang
REGISTERED OFFICE	:	Canon's Court, 22 Victoria Street Hamilton HM12, Bermuda
PRINCIPAL PLACE OF BUSINESS	:	Room 217, 2nd Floor Hong Kong Spinners Industrial Building, Phase 6 481- 483 Castle Peak Road Cheung Sha Wan Kowloon, 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 Au Yiu Kwan (Appointment since FY2010) BDO LLP Public Accountants and Chartered Accountants 21 Merchant Road #05-01 Singapore 058267 Partner-in-charge : Ms. Koh Yen Ling (Appointment since FY2012)

CORPORATE INFORMATION

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 BANKER	:	Chong Hing Bank Limited 18/F, Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong

STATEMENT OF THE MANAGING DIRECTOR

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 2014 ("FY2014").

In FY2014, Joyas Int'l and its subsidiaries (together the "Group") recorded lower revenue of approximately HK\$81.9 million, decreasing by approximately HK\$9.7 million or 10.6% as compared with the financial year ended 31 December 2013 ("FY2013"). The lower sales in metal gift products was due to lesser demand from a major customer and lower orders from customers due to weak markets in the USA, in particular. Overall gross profit decreased by approximately HK\$13.0 million or 67.5% and overall gross profit margin decreased from 21.0% in FY2013 to 7.6% in FY2014. The decline in overall gross profit margin was mainly due to sale of aged inventories to a former subsidiary at lower profit margin. During FY2014, compared to FY2013, other income increased by approximately HK\$6.6 million or 71.4% mainly attributable to gain on disposals of property, plant and equipment and investment properties while there were no such gains in FY2013. Selling and distribution costs decreased by approximately HK\$1.5 million or 34.7% due mainly to downsizing of staff. Administrative expenses decreased by approximately HK\$8.2 million or 42.0% mainly attributable to reduction of expenses in the People's Republic of China (the "PRC") due to a disposal of a subsidiary located in the PRC in FY2013. Other operating expenses decreased by approximately HK\$452,000 or 95.2% mainly attributable to less provision for impairment losses on trade receivables in FY2014 compared to FY2013. As a result, the Group recorded a profit before income tax of approximately HK\$6.8 in FY2014 compared to approximately HK\$2.9 million in FY2013.

OUTLOOK

The Group expects the outlook of its principal markets, namely USA and Europe, will continue to be uncertain and sales to USA and Europe will remain weak.

The Group will continue its efforts to expand sales, apply stringent cost controls and develop new and innovative designs for its products to enhance competitiveness.

On 8 January 2015, the Group obtained shareholders' approval for the proposed diversification of the Company's business to include the nickel distribution and trading business.

On 16 February 2015, pursuant to the diversification above, the Group's wholly owned subsidiary, Asiapac Growth Holdings Limited ("Asiapac"), entered into an investment agreement with Hong Kong Silver Basic Group Limited ("HK Silver"), Ms Wang Jun Zhe and Mr Wang De Zhou, the Chief Executive Officer of HK Silver. Asiapac acquired 70% of the total issued and paid up share capital of HK Silver with a purchase consideration of HK\$700,000 in cash, to be paid six (6) months after completion of the acquisition. Asiapac completed the acquisition of HK Silver on 11 March 2015. Please refer to the announcements made on 17 February 2015 and 11 March 2015 for details.

From time to time, the Group will be looking out for suitable investment opportunities to improve shareholders returns.

On 3 March 2015, the Board had announced that the Company would be seeking to transfer the Company's listing from the Main Board of the Singapore Exchange Securities Trading Limited ("SGX Main Board") to the sponsor-supervised board, Catalist (the "Proposed Transfer"). On 2 March 2015, SGX-ST introduced a minimum trading price ("MTP") of S\$0.20 per share as a continuing listing requirement for issuers listed on the SGX Main Board ("MTP Requirement"). A transition period of 12 months ending on 1 March 2016 will be given to comply with the MTP Requirement. The Board is of the view that the Proposed Transfer will be beneficial to the Company as the MTP Requirement does not apply to companies listed on the Catalist. A Company's circular in relation to the Proposed Transfer will be dispatched to the shareholders in due course.

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
Managing Director

25 March 2015

FINANCIAL HIGHLIGHTS

	2014 HK\$'000	2013 HK\$'000
OPERATING RESULTS		
Revenue	81,930	91,618
Gross profit	6,256	19,272
Profit before income tax	6,832	2,947
Profit after income tax	6,566	1,119
Net profit attributable to the owners of the Company	6,566	1,119
Return on total assets (%)	10.54	1.28
Return on equity (%)	24.88	5.65
EARNINGS PER SHARE (HK CENTS) –		
Basic and diluted	1.85	0.33
FINANCIAL POSITION		
Total assets	62,315	87,409
Total bank debts	6,958	24,937
Shareholders' equity	26,386	19,818
Debt to equity ratio (times)	0.26	1.26
CASH FLOWS		
Net cash used in operating activities	(6,436)	(10,091)
Cash and bank balances	15,923	15,799

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) 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.

PRODUCTS AND BRANDS

Metal Gift Products

The Group’s metal gift products are designed in-house while the manufacturing is subcontracted to independent third parties, 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.



FINANCIAL AND OPERATIONS REVIEW

OPERATING RESULTS

Statement of Comprehensive Income

Revenue

The Group's revenue decreased by approximately HK\$9.7 million or 10.6% from approximately HK\$91.6 million in FY2013 to approximately HK\$81.9 million in FY2014.

Revenue	FY2014		FY2013		Year-on-year % change
	HK\$'000	%	HK\$'000	%	
Metal Gift Products	60,272	73.6	70,667	77.1	(14.7)
Jewellery Products	21,658	26.4	20,951	22.9	3.4
Total	81,930	100.0	91,618	100.0	(10.6)

The lower sales in metal gift products was due to lesser demand from a major customer and lower orders from customers due to weak markets in particular USA.

Cost of sales and gross profit

Cost of sales increased by approximately HK\$3.4 million or 4.6% from approximately HK\$72.3 million in FY2013 to approximately HK\$75.7 million in FY2014. The higher cost of sales was mainly due to (a) increase in subcontracting charge of approximately HK\$6.8 million in FY2014 as all production of metal gift products were outsourced; and (b) the reversal of write down of inventories of approximately HK\$2.2 million in FY2014 (FY2013: HK\$14.8 million). The increase was partly offset by a decrease in direct labour cost of approximately HK\$11.0 million in FY2014 and manufacturing overhead for electricity and water of approximately HK\$2.9 million in FY2014 as a result of the disposals of subsidiaries in FY2013, which were manufacturing function to the Group.

Decrease in overall gross profit margin from 21.0% in FY2013 to 7.6% in FY2014 was mainly due to sale of aged inventories to a former subsidiary at lower profit margin. The overall gross profit decreased by approximately HK\$13.0 million or 67.5% from approximately HK\$19.3 million in FY2013 to approximately HK\$6.3 million in FY2014. The decrease was mainly due to drop in sales in metal gift products and lower gross profit margins.

Other income

Other income increased by approximately HK\$6.6 million or 71.4% from approximately HK\$9.3 million in FY2013 to approximately HK\$15.9 million in FY2014. The increase was mainly attributed to gain on disposals of property, plant and equipment and investment properties. There was no such gains in FY2013.

Selling and distribution costs

Selling and distribution costs decreased by approximately HK\$1.5 million or 34.7% from approximately HK\$4.4 million in FY2013 to approximately HK\$2.9 million in FY2014. The decrease was mainly attributed to downsizing of staff.

Administrative expenses

Administrative costs decreased by approximately HK\$8.2 million or 42.0% from approximately HK\$19.6 million in FY2013 to approximately HK\$11.4 million in FY2014. The decrease was mainly attributed to reduction of expenses in the People's Republic of China (the "PRC") due to disposal of subsidiary located in the PRC in FY2013.

FINANCIAL AND OPERATIONS REVIEW

Other operating expenses

Other operating expenses decreased by approximately HK\$452,000 or 95.2% from approximately HK\$475,000 in FY2013 to approximately HK\$23,000 in FY2014. The decrease was mainly attributed to less provision for impairment losses on trade receivables in FY2014 compared to FY2013.

Finance costs

Finance costs decreased by approximately HK\$51,000 or 4.7% from approximately HK\$1.1 million in FY2013 to approximately HK\$1.0 million in FY2014 due to repayment of bank loans towards the end of the year.

Profit before income tax

The Group had recorded a profit before income tax of approximately HK\$6.8 million in FY2014 (FY2013: approximately HK\$2.9 million). The increase was mainly attributed to gain on disposals of property, plant and equipment and investment properties.

Income tax expense

Income tax expense of HK\$266,000, of which approximately HK\$260,000 was in respect of under provision in prior years, were provided for the Hong Kong subsidiaries in FY2014 (FY2013: HK\$226,000).

For FY2013, HK\$1.6 million in respect of additional estimated tax assessment for offshore claims on manufacturing operations and assessable profits in prior years for two former subsidiaries.

FINANCIAL AND OPERATIONS REVIEW

Statement of Financial Position

Non-current assets

Non-current assets decreased by approximately HK\$9.0 million from approximately HK\$21.5 million as at 31 December 2013 to approximately HK\$12.5 million as at 31 December 2014. The decrease in property, plant and equipment was mainly due to disposals of property, plant and equipment and investment properties.

Current assets

Current assets decreased by approximately HK\$16.1 million from approximately HK\$65.9 million as at 31 December 2013 to approximately HK\$49.8 million as at 31 December 2014. The decrease was mainly due to (a) decrease in trade receivables of approximately HK\$1.9 million as a result of lower turnover; and (b) decrease in inventories of approximately HK\$9.9 million as a result of lower level of inventories kept by the Group.

Current liabilities

Current liabilities decreased by approximately HK\$31.7 million from approximately HK\$67.6 million as at 31 December 2013 to approximately HK\$35.9 million as at 31 December 2014. The decrease was mainly due to (a) decrease in bank borrowings; and (b) decrease in other payables due to settlement of other payables which comprised mainly of balance due to former subsidiaries.

Liquidity and cash flow

As at 31 December 2014, the Group had cash and bank balances of approximately HK\$15.9 million and no bank overdraft (31 December 2013: cash and bank balances of approximately HK\$15.8 million and bank overdraft of approximately HK\$1.1 million), and unutilised banking facilities of approximately HK\$1.0 million (31 December 2013: approximately HK\$3.4 million).

BOARD OF DIRECTORS

Lau Chor Beng, Peter, 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 32 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 (萊莉製品廠有限公司) 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.

Cheung Wai Hung, Danny, Executive Director, a co-founder of the Group, was appointed to the Board on 4 October 2006. Mr Cheung was last re-elected to the Board in April 2013. Mr Cheung is responsible for the overall operation and sales of the Group. Mr Cheung has over 17 years of experience in the metal gift industry. Prior to joining the Group in 1991, he was the plating-plant manager of Charlene Manufacturing Limited (萊莉製品廠有限公司) from 1988 to 1990, where he was responsible for the operation of the plant. From 1985 to 1987, he was a director at Redco Garments Ltd where he was responsible for the overall operation of the company. From 1981 to 1984, Mr Cheung was the assistant to managing director at Tai Po Tsai Development Ltd where he was responsible for providing administrative support. From 1980 to 1981, he was an account executive at Trade Media Limited where he was responsible for sales of advertising space in magazines. Mr Cheung holds a Master degree in Business Administration from the Lincoln University. He is a Fellow of Business Administration of Asian Knowledge Management Association of the City University of Hong Kong.

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

Kwok Chin Phang, Non-executive Director, was appointed to the Board on 13 May 2011. Mr Kwok was last re-elected to the Board in April 2012. Mr Kwok is currently an executive director of Net Pacific Financial Holdings Limited, a company listed on 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. 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.

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

Ong Chor Wei, 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 an executive director of Net Pacific Financial Holdings Limited, a company listed on the SGX-ST and Zibao Metals Recycling Holdings Plc, a company trading on AIM, a market operated by the London Stock Exchange. He is a non-executive director of Hong Wei (Asia) Holdings Company Limited, a company listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "SEHK"). He is also an independent non-executive director of Man Wah Holdings Limited and O-Net Communications (Group) Limited, all of which are listed on the main board of SEHK. Mr Ong has over 24 years of experience in finance and accounting. He holds a Bachelor of Laws degree from The London School of Economics and Political Science, University of London. He also holds a distance learning degree in Masters in Business Administration jointly awarded by The University of Wales and The University of Manchester. Mr Ong is an associate member of The Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants.

Cheung King Kwok, Independent Non-executive Director, was appointed to the Board on 21 December 2007. Mr Cheung was last re-elected to the Board in April 2014. Mr Cheung is presently the managing director of DJS Financial Management Pte Ltd where he provides corporate training and financial consultancy services. From 1991 to 2001, Mr Cheung worked for The Grande Holdings Limited, a company listed in Hong Kong, starting out as a chief finance officer of a division where he was in charge of financial and treasury management, progressing to become its executive director in 1992 in charge of financial and treasury management, mergers, acquisitions, disposals, rehabilitation plans and rights issues from 1997 to 2000. He was appointed executive director of various listed subsidiaries in the group and was responsible for management, strategic planning and corporate restructuring. 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 Certified Public Accountants of Singapore and the Hong Kong Institute of Certified Public Accountants.

BOARD OF DIRECTORS

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 31 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.

Save that Cheung Wai Hung, Danny is the brother-in-law of Lau Chor Beng, Peter; Lau Chor Beng, Peter, Cheung Wai Hung, Danny and the exdirector of the Company, Chan Shui Ki 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 22 years of experience in the metal gift industry. Prior to joining the Group in 1991, he was the moulding supervisor at Charlene Manufacturing Limited (萊莉製品廠有限公司) 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 22 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. MrTung holds a Higher Diploma in Multimedia Design & Technology from The Hong Kong Polytechnic University.

Save that Lau Ka Yiu is the son of Lau Chor Beng, Peter (Managing Director) and the nephew of Lau Chor Wing (Executive Officer) and Cheung Wai Hung, Danny (Executive Director); Lau Chor Wing is the brother of Lau Chor Beng, Peter; Cheung Wai Hung, Danny is the brother-in-law of Lau Chor Wing; and Chan Shui Ki and Lau Chor Wing respectively hold 4.5% and 3.6% interest in Joyas Investments Group Limited, the substantial shareholder of the Company, none of the Executive Officers are related to each other or the substantial shareholders of the Company.

REPORT OF THE DIRECTORS

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 2014.

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 2014 and financial position of the Company and of the Group at 31 December 2014 are set out in the financial statements on pages 17 to 53.

No interim dividend was declared and paid during the year ended 31 December 2014. The Directors do not recommend any payment of any dividend for the year ended 31 December 2014 (2013: 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

Non-Executive Director:

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 Cheung Wai Hung, Danny and Mr Kwok Chin Phang will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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 2013	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014
The Company				
Lau Chor Beng, Peter	–	–	212,421,638	212,421,638 ⁽¹⁾
Kwok Chin Phang	1,538,000	1,538,000	–	–
Joyas Investments Group Limited (ordinary shares of US\$1.00 each)				
Lau Chor Beng, Peter	591	591 ^{(1) (2)}	–	–
Cheung Wai Hung, Danny	154	154 ⁽²⁾	–	–

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Continued)

Notes:

- (1) As at 31 December 2014, Joyas Investments Group Limited holds 212,421,638 (2013: 212,421,638) shares in the Company. The Company's 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 212,421,638 (2013: 212,421,638) shares in the Company held by Joyas Investments Group Limited.
- (2) Cheung Wai Hung, Danny, an Executive Director of the Company, is the brother-in-law of Lau Chor Beng, Peter.
- (3) Mr Ong Chor Wei, a 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 other 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.

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

Save as disclosed above, there was no change in the above-mentioned interests between 31 December 2014 and 21 January 2015.

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

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, no Director received or became entitled to receive a benefit by means of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member or with a corporation in which the Director has a substantial financial interest.

SHARE OPTION SCHEME

The Company has adopted a share option scheme known as the Joyas Share Option Scheme (the "Scheme"), for the granting of options to reward and retain employees of the Group and of associated companies whose services are vital to the Group's well-being and success. The Company has amended the rule of the Scheme to allow the participation of the Executive Directors and Non-Executive Directors in the Scheme. The Shareholders had duly approved the amendments to the Scheme in a Special General Meeting held on 8 January 2015. However, Group employees who are the controlling shareholders (holding 15% or more of the shareholding of the Company's issued share capital) of the Company or their associates are not eligible to participate in the Scheme. Options are granted for a term of 10 years to purchase the Company's ordinary shares at an exercise price determined by the Remuneration Committee, 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.

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, no share options have been granted by the Company.

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
Managing Director

Cheung Wai Hung, Danny
Executive Director

25 March 2015

STATEMENT BY THE DIRECTORS

We, Lau Chor Beng, Peter and Cheung Wai Hung, Danny, 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 17 to 53, 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 2014, 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 25 March 2015.

ON BEHALF OF THE BOARD

Lau Chor Beng, Peter
Managing Director

Cheung Wai Hung, Danny
Executive Director

25 March 2015

INDEPENDENT JOINT AUDITORS' REPORT

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



We have audited the financial statements of Joyas International Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 17 to 53, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2014, 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 2014, 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

25 March 2015

BDO Limited

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Revenue	5	81,930	91,618
Cost of sales		(75,674)	(72,346)
Gross profit		6,256	19,272
Other income	5	15,907	9,283
Selling and distribution costs		(2,904)	(4,449)
Administrative expenses		(11,369)	(19,598)
Other operating expenses		(23)	(475)
Finance costs	7	(1,035)	(1,086)
Profit before income tax	8	6,832	2,947
Income tax expense	9	(266)	(1,828)
Profit for the year		6,566	1,119
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange gains on translation of financial statements of foreign operations		–	349
Reclassification adjustment for translation reserve upon disposal of subsidiaries	32(ii)	–	(6,810)
Other comprehensive income for the year, net of tax		–	(6,461)
Total comprehensive income for the year attributable to the owners of the Company		6,566	(5,342)
	Notes	2014 HKcents	2013 HKcents
Earnings per share for profit attributable to the owners of the Company during the year	11		
- Basic and diluted		1.85	0.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	12,510	17,547
Investment properties	15	–	3,924
Leasehold land and land use rights	16	–	–
		12,510	21,471
Current assets			
Inventories	18	16,802	26,717
Trade receivables	19	15,765	17,630
Deposits, prepayments and other receivables	20	1,180	3,551
Prepaid tax		135	–
Pledged time deposits	21	–	2,241
Cash and bank balances		15,923	15,799
		49,805	65,938
Current liabilities			
Trade payables		14,448	7,125
Other payables and accruals	22	14,469	35,353
Bank borrowings	23	6,958	24,937
Tax payables		54	176
		35,929	67,591
Net current assets/(liabilities)		13,876	(1,653)
Total assets less current liabilities		26,386	19,818
Net assets		26,386	19,818
EQUITY			
Equity attributable to the owners of the Company			
Share capital	25	3,548	3,547
Reserves	26	22,838	16,271
Total equity		26,386	19,818

Lau Chor Beng, Peter
Director

Cheung Wai Hung, Danny
Director

STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	17	8	8
Current assets			
Deposits, prepayments and other receivables	20	291	278
Amount due from a subsidiary	17	4	–
Cash and bank balances		4,036	7,582
		4,331	7,860
Current liabilities			
Other payables and accruals	22	557	540
Amounts due to a subsidiary	17	7	8
		564	548
Net current assets		3,767	7,312
Net assets		3,775	7,320
EQUITY			
Share capital	25	3,548	3,547
Reserves	26	227	3,773
Total equity		3,775	7,320

Lau Chor Beng, Peter
Director

Cheung Wai Hung, Danny
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
		(note 26(a)(i))	(note 26(a)(ii))	(note 26(a)(iii))	(note 26(a)(iv))		
Balance as at 1 January 2013	3,225	22,890	52,677	58	6,461	(66,299)	19,012
Issue of shares upon placing (note 25(i))	320	5,907	–	–	–	–	6,227
Issue of shares upon exercise of warrants (note 25(ii))	2	47	–	–	–	–	49
Share issue expenses	–	(128)	–	–	–	–	(128)
Transactions with owners	322	5,826	–	–	–	–	6,148
Transfer to reserve	–	–	–	(58)	–	58	–
Profit for the year	–	–	–	–	–	1,119	1,119
Other comprehensive income:							
- Exchange gain on translation of financial statements of foreign operations	–	–	–	–	349	–	349
- Reclassification adjustment for translation reserve upon disposals of subsidiaries (note 32(ii))	–	–	–	–	(6,810)	–	(6,810)
Total comprehensive income for the year	–	–	–	–	(6,461)	1,119	(5,342)
Balance as at 31 December 2013 and 1 January 2014	3,547	28,716	52,677	–	–	(65,122)	19,818
Issue of shares upon exercise of warrants (note 25(ii))	1	1	–	–	–	–	2
Transactions with owners	1	1	–	–	–	–	2
Profit and total comprehensive income for the year	–	–	–	–	–	6,566	6,566
Balance as at 31 December 2014	3,548	28,717	52,677	–	–	(58,556)	26,386

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Cash flows from operating activities			
Profit before income tax		6,832	2,947
Adjustments for:			
Interest income	5	(3)	(30)
Bad debts recovered	5	(108)	(1,293)
Gain on disposals of property, plant and equipment	5	(7,740)	(82)
Gain on disposals of investment properties	5	(7,853)	–
Gain on disposals of subsidiaries	5	–	(6,305)
Reversal of impairment loss on other receivables	5	–	(791)
Depreciation	8	2,127	2,789
Amortisation	8	–	7
Impairment losses on trade receivables	8	7	412
Write-off on property, plant and equipment	8	15	63
Write-down/(Reversal of write-down) of inventories to net realisable value, net	8	2,052	(12,231)
Interest expenses	7	1,035	1,086
Operating loss before working capital changes		(3,636)	(13,428)
Decrease in inventories		7,863	6,842
Decrease/(Increase) in trade receivables		1,966	(2,732)
Decrease in deposits, prepayments and other receivables		1,491	2,312
Increase in trade payables		7,323	984
Decrease in other payables and accruals		(19,885)	(1,527)
Cash used in operations		(4,878)	(7,549)
Interest paid		(1,035)	(1,086)
Income tax paid		(523)	(1,456)
Net cash used in operating activities		(6,436)	(10,091)
Cash flows from investing activities			
Purchases of property, plant and equipment		(285)	(464)
Proceeds from disposals of property, plant and equipment		10,670	82
Proceeds from disposals of investment properties		11,688	–
Net cash inflow/(outflow) from disposals of subsidiaries	32(i) & (ii)	220	(388)
Interest received		3	30
Net cash generated from/(used in) investing activities		22,296	(740)
Cash flows from financing activities			
Proceeds from issue of shares		2	6,276
Share issuing expense		–	(128)
Proceeds from new bank borrowings		27,408	69,436
Repayments of bank borrowings		(44,286)	(60,804)
Decrease/(Increase) in pledged time deposits		2,241	(12)
Capital element of finance lease rental payments		–	(326)
Net cash (used in)/generated from financing activities		(14,635)	14,442
Net increase in cash and cash equivalents		1,225	3,611
Cash and cash equivalents at the beginning of the year		14,698	11,082
Effect of foreign exchange rate changes		–	5
Cash and cash equivalents at the end of the year		15,923	14,698
Analysis of balances of cash and cash equivalents			
Cash and bank balances		15,923	15,799
Bank overdrafts	23	–	(1,101)
		15,923	14,698

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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 Room 217, 2/F., Hong Kong Spinners Industrial Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong. The Company's shares have been listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") since 13 March 2008.

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.

The directors consider the ultimate holding company to be Joyas Investments 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 2014 were approved for issue by the board of directors on 25 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 17 to 53 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 (the "Listing Manual") 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. 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 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.

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 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.

2.5 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.

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%

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

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.

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.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Investment properties (Continued)

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%

2.7 Leasehold land and land use rights

Upfront payments made to acquire land held under an operating lease are stated at cost less accumulated amortisation and any impairment losses. The determination of whether an arrangement is or contains a lease and whether the lease is an operating lease is detailed in note 2.16. Amortisation is calculated on straight-line method over the term of the lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

2.8 Financial assets

The Group's financial assets mainly include trade receivables, deposits and other receivables, pledged time deposits and cash and bank balances. 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.

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)

2.9 Impairment of other assets

Property, plant and equipment, investment properties, leasehold land and land use rights and investments in subsidiaries are subject to impairment testing. All 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 cash-generating unit ("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 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.

2.10 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.

2.11 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 include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial liabilities

The Group's financial liabilities include trade and other payables, bank 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 2.13).

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.

Other financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 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.

2.14 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.

2.15 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.

2.16 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 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.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to 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.

2.18 Retirement benefit costs and short-term employee benefits

Retirement benefit schemes

The Group participates in several staff retirement benefit schemes for employees in Hong Kong and the People's Republic of China (the "PRC"), comprising defined contribution retirement schemes and a Mandatory Provident Fund scheme (the "MPF Scheme"). The assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and by the relevant group companies. The retirement benefit scheme costs charged to profit or loss represent contributions payable by the Group to the schemes.

The subsidiaries operating in the PRC, which were disposed of during the year ended 31 December 2013, were required to participate in the defined contribution retirement schemes for their employees, organised by the relevant local government authorities. They were required to make contributions to the retirement benefit schemes at a specified percentage of employees' relevant income and there were no other further obligations to the Group.

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 5% of the employees' basic salaries, with a cap of monthly salaries of HK\$30,000 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Retirement benefit costs and short-term employee benefits (Continued)

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.

2.19 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.

2.20 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).

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)

2.21 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

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.

3. ADOPTION OF NEW OR AMENDED IFRSs

Adoption of new or amended IFRSs

In the current year, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for the current financial year. Except as explained below, the adoption of these new/revised IFRSs did not result in changes to the Group's accounting policies and has no material impact in the amounts reported for the current or prior years.

Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

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

At the date of authorisation of these financial statements, certain new and 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 relevant 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 and amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended IFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

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3. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

New/amended IFRSs that have been issued but are not yet effective (Continued)

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 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 fair value through other comprehensive income. 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.

The Group plans to adopt IFRS 9 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

IFRS 15 - Revenue from Contracts with Customers

This standard is effective for accounting periods beginning on or after 1 January 2017. 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.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

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 2014 was HK\$16,802,000 (2013: HK\$26,717,000).

NOTES TO THE FINANCIAL STATEMENTS

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(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 2014 was HK\$16,552,000 (2013: HK\$20,446,000).

(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 2014 was HK\$135,000 (2013: Nil) and HK\$54,000 (2013: HK\$176,000) respectively.

(iv) Depreciation and amortisation

The Group depreciates property, plant and equipment and investment properties and amortises the leasehold land and land use rights 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, investment properties and the leasehold land and land use rights. The carrying amount of the Group's property, plant and equipment, investment properties and leasehold land and land use rights as at 31 December 2014 was HK\$12,510,000 (2013: HK\$21,471,000).

(v) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets 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 in respect of leasehold land classified as finance lease and leasehold buildings and by making reference to comparable sales evidence as available in the relevant market. The carrying amount of the Group's non-financial assets as at 31 December 2014 was HK\$12,510,000 (2013: HK\$21,471,000).

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:

	2014 HK\$'000	2013 HK\$'000
Revenue		
Sale of goods	81,930	91,618
Other income		
Bank interest income	3	30
Bad debts recovered	108	1,293
Gain on disposals of property, plant and equipment	7,740	82
Gain on disposals of investment properties	7,853	–
Gain on disposals of subsidiaries (note 32)	–	6,305
Reversal of impairment loss on other receivables	–	791
Rental income from investment properties	88	420
Sales of scrap materials	29	91
Sundry income	86	271
	15,907	9,283

During the year, the Group made a sale of HK\$18,651,000 (2013: HK\$23,111,000) to one of the major customers, which is owned by ex-employees of the Group.

NOTES TO THE FINANCIAL STATEMENTS

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6. SEGMENT INFORMATION

The executive directors have identified the Group's two product lines as operating segments as further described in note 2.21:

- (a) Metal gift products include fashion accessories, desk top accessories, table top accessories and time items; and
- (b) Jewellery products.

	Metal gift products		Jewellery products		Total	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:						
From external customers	60,272	70,667	21,658	20,951	81,930	91,618
Reportable segment (loss)/profit	(3,084)	1,740	(411)	(2,764)	(3,495)	(1,024)
Amortisation/depreciation of leasehold land and land use rights, investment properties and property, plant and equipment	1,851	2,320	3	59	1,854	2,379
Bad debts recovered	–	–	(108)	(1,293)	(108)	(1,293)
Impairment losses on trade receivables	–	95	7	317	7	412
Write-down/(Reversal of write-down) of inventories to net realisable value, net	696	(8,824)	1,356	(3,407)	2,052	(12,231)
Reportable segment assets	13,674	30,142	28,090	26,264	41,764	56,406
Additions to non-current segment assets during the year	280	444	5	6	285	450
Reportable segment liabilities	18,420	34,512	7,365	4,944	25,785	39,456

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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:

	2014 HK\$'000	2013 HK\$'000
Reportable segment revenues	81,930	91,618
Group revenues	81,930	91,618
Reportable segment loss	(3,495)	(1,024)
Gain on disposals of property, plant and equipment	7,500	82
Gain on disposals of investment properties	7,853	–
Unallocated corporate income	96	7,994
Corporate legal and professional fees	(1,819)	(1,089)
Unallocated corporate expenses	(2,268)	(1,930)
Finance costs	(1,035)	(1,086)
Profit before income tax	6,832	2,947
Reportable segment assets	41,764	56,406
Pledged time deposits	–	2,241
Cash and bank balances	15,923	15,799
Other corporate assets	4,628	12,963
Group assets	62,315	87,409
Reportable segment liabilities	25,785	39,456
Bank borrowings	6,958	24,937
Other corporate liabilities	3,186	3,198
Group liabilities	35,929	67,591

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

	Revenue from external customers		Non-current assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Principal markets:				
United States of America	22,949	26,823	–	–
Europe	10,443	10,384	–	–
The PRC, including Hong Kong	45,249	49,064	12,510	21,471
Others	3,289	5,347	–	–
	81,930	91,618	12,510	21,471

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 (2013: 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".

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

6. SEGMENT INFORMATION (Continued)

Revenue from the major customers is as follows:

	2014 HK\$'000	2013 HK\$'000
Customer A (note i)	16,465	24,423
Customer B (note i)	11,000	–
Customer C (note ii)	18,651	23,111
	46,116	47,534

Notes:

(i) Derived from the metal gift products segment

(ii) Derived from the jewellery products segment

At 31 December 2014, 69% (2013: 68%) of the Group's trade receivables were due from these customers.

7. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest charges on bank borrowings and overdrafts wholly repayable within five years	1,035	1,029
Finance charges on obligations under finance leases	–	57
	1,035	1,086

During the year, interest on bank borrowings which contain a repayment on demand clause amounted to HK\$1,035,000 (2013: HK\$1,029,000).

8. PROFIT BEFORE INCOME TAX

	2014 HK\$'000	2013 HK\$'000
Profit before income tax is arrived at after charging/(crediting):		
Auditors' remuneration		
- Audit fees paid to the auditors of the Company	530	500
- Audit fees paid to the auditors of the subsidiaries	250	170
Cost of inventories recognised as expense, including	75,674	72,346
- Write-down of inventories to net realisable value	4,212	2,560
- Reversal of write-down of inventories to revised net realisable value	(2,160)	(14,791)
Impairment losses on trade receivables	7	412
Amortisation of leasehold land and land use rights	–	7
Depreciation of property, plant and equipment and investment properties:		
- Owned assets	2,127	2,515
- Leased assets	–	274
Write-off of property, plant and equipment	15	63
Employee benefit expense (note 12)	5,600	19,660
Directors' remuneration:		
- Fees	391	391
- Other emoluments	2,008	2,209
Exchange losses, net	152	598
Operating lease rentals in respect of rented premises	805	2,344
Direct operating expenses arising from investment properties that generated rental income	16	18

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

8. PROFIT BEFORE INCOME TAX (Continued)

During the year, the Group wrote down its inventories approximately HK\$4,212,000 (2013: HK\$2,560,000) to their net realisable values. The write-down of inventories arose from decreases in net realisable value of certain raw materials and finished goods as a result of changes in consumer preferences.

During the year, the Group reversed an amount of HK\$2,160,000 (2013: HK\$14,791,000) 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.

9. INCOME TAX EXPENSE

	2014 HK\$'000	2013 HK\$'000
Current income tax – Hong Kong:		
- Current year	6	226
- Under-provision in prior years	260	1,602
Total income tax expense	266	1,828

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 (2013: Nil).

For the year ended 31 December 2014, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit (2013: 16.5%).

Reconciliation between income tax expense and accounting profit at applicable tax rate is as follows:

	2014 HK\$'000	2013 HK\$'000
Profit before income tax	6,832	2,947
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	1,127	350
Tax effect of non-taxable revenue	(2,609)	(23)
Tax effect of non-deductible expenses	1,204	3,182
Utilisation of previously unrecognised tax losses	(42)	(3,634)
Tax effect of tax losses not recognised	373	400
Tax effect of temporary differences not recognised	(47)	(49)
Under-provision in prior years	260	1,602
Income tax expense	266	1,828

NOTES TO THE FINANCIAL STATEMENTS

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10. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2014 (2013: Nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of HK\$6,566,000 (2013: HK\$1,119,000) and on the weighted average number of 354,670,733 (2013: 342,456,377 after adjusting for the bonus elements in the shares issued under the placing (note 25(i))) ordinary shares in issue during the year.

For the years ended 31 December 2014 and 2013, basic earnings per share are same as diluted earnings per share as the warrants did not have dilutive effect on the Group's earnings per share because the yearly average market price per ordinary share of the Company was below the exercise price of the warrants granted.

12. EMPLOYEE BENEFIT EXPENSE (Including directors' remuneration)

	2014 HK\$'000	2013 HK\$'000
Wages, salaries and allowances	5,440	19,429
Pension costs – defined contribution plans	160	231
	5,600	19,660

13. DIRECTORS' REMUNERATION

Number of the directors of the Company whose remuneration is analysed into the following bands is disclosed in compliance with paragraph 1207.11 of Chapter 12 of the Listing Manual of SGX-ST as follows:

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
Year ended 31 December 2013	Executive directors	Non-executive directors	Total
Below S\$200,000 (equivalent to below HK\$1,287,000)	2	4	6

NOTES TO THE FINANCIAL STATEMENTS

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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 2013									
Cost	9,179	7,161	12,009	3,744	29,226	3,551	12,929	56,214	134,013
Accumulated depreciation and impairment	(2,900)	(2,524)	(11,696)	(2,116)	(26,021)	(3,400)	(12,543)	(48,746)	(109,946)
Net book amount	6,279	4,637	313	1,628	3,205	151	386	7,468	24,067
Year ended 31 December 2013									
Opening net book amount	6,279	4,637	313	1,628	3,205	151	386	7,468	24,067
Additions	–	–	14	–	27	12	212	199	464
Depreciation	(183)	(135)	(125)	(358)	(398)	(53)	(181)	(1,238)	(2,671)
Write-off	–	–	(60)	–	–	(3)	–	–	(63)
Disposal of subsidiaries (note 32)	–	(2,978)	(70)	(1,202)	–	–	–	–	(4,250)
Closing net book amount	6,096	1,524	72	68	2,834	107	417	6,429	17,547
As at 31 December 2013 and 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)
Write-off	–	–	(15)	–	–	–	–	–	(15)
Disposals	(2,537)	(634)	–	–	(98)	–	–	–	(3,269)
Closing net book amount	3,434	859	22	44	2,346	75	543	5,187	12,510
As at 31 December 2014									
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

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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:

	2014 HK\$'000	2013 HK\$'000
In Hong Kong		
- medium leases (i.e. 10 to 50 years)	3,434	3,517
- long leases (i.e. 50 years or more)	–	2,579
	3,434	6,096

As at 31 December 2014, the Group's leasehold land classified as finance lease and leasehold buildings with net book amounts of HK\$3,434,000 (2013: HK\$6,096,000) and HK\$859,000 (2013: HK\$1,524,000) 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\$14,800,000 (2013: HK\$20,870,000) as at 31 December 2014.

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 2014, certain property, plant and equipment with a carrying amount of HK\$7,835,000 (2013: HK\$9,728,000) were located in one of its subcontractors' factories in the PRC.

15. INVESTMENT PROPERTIES – GROUP

	HK\$'000
As at 1 January 2013	
Cost	4,052
Accumulated depreciation	(10)
Net book amount	4,042
Year ended 31 December 2013	
Opening net book amount	4,042
Depreciation	(118)
Closing net book amount	3,924
As at 31 December 2013 and 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	
Cost	–
Accumulated depreciation	–
Net book amount	–

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15. INVESTMENT PROPERTIES – GROUP (Continued)

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, the Group's investment properties were disposed of to independent third parties with cash consideration of HK\$11,688,000.

In the opinion of the directors, the market value of the investment properties was approximately HK\$12,800,000 as at 31 December 2013. Details of the operating lease arrangements are set out in note 29.

The fair value of investment properties for disclosure purpose in 2013 was a level 3 (i.e. inputs that are not based on observable market input) non-recurring fair value measurement. 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. Appropriate adjustments had 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 was based on the above properties' highest and best use, which did not differ from their actual use.

16. LEASEHOLD LAND AND LAND USE RIGHTS – GROUP

The Group's interests in leasehold land and land use rights represented prepaid operating lease payments and movements in their net carrying amounts were analysed as follows:

	2014 HK\$'000	2013 HK\$'000
As at 1 January		
Cost	–	374
Accumulated amortisation	–	(157)
Net book amount	–	217
Year ended 31 December		
Opening net book amount	–	217
Amortisation	–	(7)
Disposal of subsidiaries (note 32(iii))	–	(210)
Closing net book amount	–	–
As at 31 December		
Cost	–	–
Accumulated amortisation	–	–
Net book amount	–	–

All leasehold land and land use rights were held on medium leases and located outside Hong Kong.

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

	2014 HK\$'000	2013 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 2014 and 2013.

Amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

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

Particulars of the subsidiaries as at 31 December 2014 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	Place of operation 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%	Dormant
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

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

	2014 HK\$'000	2013 HK\$'000
Raw materials	6,362	16,091
Work in progress	2,653	1,384
Finished goods	7,787	9,242
	16,802	26,717

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19. TRADE RECEIVABLES – GROUP

The Group generally allows a credit period from 30 to 180 days (2013: 30 to 180 days) to its customers for the year.

	2014 HK\$'000	2013 HK\$'000
Trade receivables	15,772	18,095
Less: Allowance for impairment	(7)	(465)
	15,765	17,630

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

	2014 HK\$'000	2013 HK\$'000
Balance at the beginning of the year	465	4,050
Impairment loss recognised	7	412
Disposals of subsidiaries	–	(2,704)
Amount recovered during the year	(108)	(1,293)
Amount written off during the year	(357)	–
Balance at the end of the year	7	465

At each reporting date, the Group reviews receivables for indication of impairment on both individual and collective basis. As at 31 December 2014, the Group has determined trade receivables of HK\$7,000 as individually impaired (2013: HK\$465,000). Based on this assessment, impairment loss of HK\$7,000 has been recognised (2013: HK\$412,000). 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:

	2014 HK\$'000	2013 HK\$'000
Neither past due nor impaired	9,847	13,326
1 – 30 days past due	5,439	3,394
31 – 90 days past due	206	529
91 – 365 days past due	260	381
Over 1 year past due	13	–
	5,918	4,304
	15,765	17,630

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.

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

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Deposits	467	507	18	–
Prepayments	393	735	273	213
Other receivables	320	2,309	–	65
	1,180	3,551	291	278

21. PLEDGED TIME DEPOSITS – GROUP

As at 31 December 2013, this deposit was pledged to secure the banking facilities granted to the Group (note 23) and earned interests of 0.5% per annum for the year ended 31 December 2013.

During the year, this deposit was released when the Group settled the relevant bank borrowings.

22. OTHER PAYABLES AND ACCRUALS – GROUP AND COMPANY

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Other payables	882	6,929	27	40
Amounts due to former subsidiaries	12,130	26,331	–	–
Accruals	1,457	2,093	530	500
	14,469	35,353	557	540

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

23. BANK BORROWINGS – GROUP

	2014 HK\$'000	2013 HK\$'000
Bank overdrafts, secured	–	1,101
Portion of bank borrowings due for repayment within one year which contain a repayment on demand clause	3,075	17,801
Portion of bank borrowings due for repayment after one year which contain a repayment on demand clause	3,883	6,035
	6,958	24,937

The Group's bank borrowings as at 31 December 2014 were secured by the Group's leasehold land classified as finance lease and leasehold buildings (note 14) (2013: leasehold land classified as finance lease and leasehold buildings (note 14), investment properties (note 15) and pledged time deposits (note 21)).

The Group's bank borrowings as at 31 December 2014 and 2013 were covered by personal guarantee by a director of the Group.

Interest is charged on the bank borrowings at interest rates ranging from 3.75% to 6% (2013: 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.

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23. BANK BORROWINGS – GROUP (Continued)

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

	2014 HK\$'000	2013 HK\$'000
Bank overdrafts repayable on demand	–	1,101
Portion of bank borrowings due for repayment within one year	3,075	17,801
	3,075	18,902
Portion of bank borrowings due for repayment after one year (note)		
- After 1 year but within 5 years	3,883	6,035
	6,958	24,937

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 33.4. As at 31 December 2013 and 2014, none of the covenants relating to drawn down facilities had been breached.

24. DEFERRED TAX – GROUP

The Group has unrecognised tax losses of approximately HK\$2,261,000 (2013: HK\$253,000) 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.

25. SHARE CAPITAL

Notes	2014		2013	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
As at 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014, 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	354,670,638	3,547	322,510,638	3,225
Issue of shares upon placing of HK\$0.01 each (i)	–	–	32,000,000	320
Issue of shares upon exercise of warrants of HK\$0.01 each (ii)	95	1	160,000	2
As at 31 December, ordinary shares of HK\$0.01 each	354,670,733	3,548	354,670,638	3,547

The ordinary shares carry one vote per share without restrictions and their holders are entitled to receive dividends under declared by the Company.

Notes:

- On 20 August 2013, the Company entered into a placing agreement with the placing agent, pursuant to which an aggregate of 32,000,000 new ordinary shares were placed by the placing agent on behalf of the Company, at the placing price of S\$0.032 (equivalent to HK\$0.195) per placing share with the independent investors. As a result, the Company issued 32,000,000 new ordinary shares at S\$0.032 (equivalent to HK\$0.195) per share on 5 September 2013 and there was an increase in share capital and share premium of HK\$320,000 and HK\$5,907,000 respectively. Details of the placing are set out in the Company's announcements dated 20 August 2013, 28 August 2013 and 5 September 2013.
- On 2 January 2014, 95 (2013: 160,000) warrants at the exercise price of S\$0.05 (equivalent to HK\$0.307 (2013: HK\$0.303)) 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 (2013: HK\$2,000 and HK\$47,000) respectively.

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26. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2014 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.

(iii) Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the subsidiaries of the Group established in the PRC was required to transfer 10% of their profit after income tax prepared in accordance with the accounting regulations in the PRC to statutory reserve until the reserve balance reaches 50% of the respective registered capital. This reserve was reclassified to accumulated losses as a result of disposals of subsidiaries in 2013.

(iv) Translation reserve

This comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

(b) Company

	Share Premium HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance as at 1 January 2013	22,890	75,659	(98,222)	327
Issue of shares upon placing (note 25(i))	5,907	–	–	5,907
Issue of shares upon exercises of warrants (note 25(ii))	47	–	–	47
Share issuing expense	(128)	–	–	(128)
Transactions with owners	5,826	–	–	5,826
Total comprehensive income for the year	–	–	(2,380)	(2,380)
Balance as at 31 December 2013 and 1 January 2014	28,716	75,659	(100,602)	3,773
Issue of shares upon exercise of warrants (note 25(ii))	1	–	–	1
Transactions with owners	1	–	–	1
Total comprehensive income for the year	–	–	(3,547)	(3,547)
Balance as at 31 December 2014	28,717	75,659	(104,149)	227

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 of the Company are set out in note 26(a)(i) above.

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27. 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. 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. Pursuant to the set-up of Scheme, the Group's employees who are the 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.

As at 31 December 2014 and up to the date of approval of these financial statements, no share options have been granted under the Scheme (2013: Nil).

28. OPERATING LEASE COMMITMENTS

Group

As at 31 December 2014, total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	355	415
In the second to fifth years inclusive	34	–
	389	415

Operating lease payments represent rentals payable by the Group for office premises. The leases run for initial periods of 1 to 2 years (2013: 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 2014, the Company does not have any significant operating lease commitments (2013: Nil).

29. OPERATING LEASE ARRANGEMENTS

Group

The Group had future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	2014 HK\$'000	2013 HK\$'000
Less than one year	–	385

As at 31 December 2014, the Group does not have any significant operating lease arrangements (2013: the Group leased its properties under operating lease arrangements which run for an initial period of 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 tenants).

Company

As at 31 December 2014, the Company does not have any significant operating lease arrangements (2013: Nil).

30. MAJOR NON-CASH TRANSACTIONS

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 (note 32(ii)).

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31. 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:

Key management personnel compensation

	2014 HK\$'000	2013 HK\$'000
Total remuneration of directors and other members of key management during the year		
- Salaries and allowances	3,400	3,192
- Pension costs – defined contribution plans	33	56
	3,433	3,248

32. DISPOSALS OF SUBSIDIARIES

- (i) On 26 June 2013, the Group disposed of entire interest in one of its subsidiaries, namely Master Creations Limited ("MCL"), to an independent third party for cash consideration of approximately HK\$1,000. MCL was engaged in the business of manufacturing and trading of jewellery.

	2013 HK\$'000
Net liabilities disposed of comprise:	
Property, plant and equipment (note 14)	274
Deposits, prepayments and other receivables	43
Cash and bank balances	2
Amount due from immediate holding company	2,631
Other payables and accruals	(406)
Tax payables	(8,721)
	(6,177)
Gain on disposal of a subsidiary	6,178
	1
Satisfied by cash	1

Analysis of net outflow of cash and bank balances in respect of the disposal of MCL is as follows:

	HK\$'000
Cash consideration	1
Cash and bank balances disposed of	(2)
Net outflow of cash and bank balances	(1)

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32. DISPOSALS OF SUBSIDIARIES (Continued)

- (ii) On 3 December 2013, the Group disposed of entire interest in one of its subsidiaries, namely JML and its subsidiary, namely 彩仕五金制品(深圳)有限公司 (collectively, "JML Group"), to an independent third party for a cash consideration of HK\$1,100,000. JML Group was engaged in the metal ware manufacturing and export and manufacturing and trading of mini metallic products.

	2013 HK\$'000
Net assets disposed of comprise:	
Property, plant and equipment (note 14)	3,976
Leasehold land and land use rights (note 16)	210
Trade receivables	7
Deposits, prepayments and other receivables	847
Cash and bank balances	387
Amount due from a fellow subsidiary	23,700
Trade payables	(964)
Other payables and accruals	(6,408)
Obligations under finance leases	(783)
Tax payables	(13,189)
	7,783
Translation reserve	(6,810)
	973
Gain on disposal of subsidiaries	127
Total consideration	1,100
Satisfied by:	
Outstanding considerations	1,100

Analysis of net outflow of cash and bank balances in respect of the disposal of JML Group was as follows:

	2013 HK\$'000
Cash consideration	–
Cash and bank balances disposed of	(387)
Net outflow of cash and bank balances	(387)

As at 31 December 2013, the outstanding considerations of disposal of JML Group was HK\$1,100,000 and had been included in other receivables (note 20).

During the year, the Group received a payment of HK\$220,000 from the Purchaser. On 30 June 2014, Joyas Group Limited, a wholly owned subsidiary of the Company, JML and the Purchaser entered into assignment of debts to transfer the outstanding consideration of HK\$880,000 from the Purchaser to JML (note 30).

33. 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:

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

33.1 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 2.8 and 2.12 for explanations about how the categorisation of financial instruments affects their subsequent measurements.

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Financial assets				
Loans and receivables:				
Trade receivables	15,765	17,630	–	–
Deposits and other receivables	787	2,816	18	65
Pledged time deposits	–	2,241	–	–
Amount due from a subsidiary	–	–	4	–
Cash and bank balances	15,923	15,799	4,036	7,582
	32,475	38,486	4,058	7,647
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade payables	14,448	7,125	–	–
Other payables	13,012	33,260	27	40
Bank borrowings	6,958	24,937	–	–
Amount due to a subsidiary	–	–	7	8
	34,418	65,322	34	48

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

33.2 Market risk (Continued)

(i) Foreign currency risk (Continued)

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

	US\$ HK\$'000	RMB HK\$'000	SGD HK\$'000
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
As at 31 December 2013			
Trade receivables	5,548	225	–
Deposits and other receivables	874	407	260
Cash and bank balances	5,605	59	6,409
Trade payables	(3,636)	(2,456)	–
Bank borrowings	(5,249)	–	–
Net exposure arising from financial assets and liabilities	3,142	(1,765)	6,669

The following table illustrates the sensitivity of the Group's profit for the year and accumulated losses if there is a 3% appreciation for US\$, RMB and SGD for the years ended 31 December 2013 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	SGD HK\$'000
31 December 2014			
Profit for the year and accumulated losses	135	(217)	110
31 December 2013			
Profit for the year and accumulated losses	94	(53)	200

A same percentage change but in the reverse direction in the Group entities' functional currencies against the respective foreign currencies would have the same magnitude on the Group's profit 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 2013.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

33.2 Market risk (Continued)

(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% (2013: 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 profit for the year and accumulated losses to a possible change in interest rate of +/- 0.5% (2013: 0.5%), with effect from the beginning of the year. The sensitivity analysis is provided internally to key management personnel.

	Group		Other components of equity	
	Profit for the year and accumulated losses HK\$'000	Profit for the year and accumulated losses HK\$'000	HK\$'000	HK\$'000
31 December 2014	35	(35)	–	–
31 December 2013	125	(125)	–	–

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 2013 has been prepared on the same basis.

33.3 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 directors consider the Group does not have a significant concentration of credit risk. The top 5 customers accounted for less than 66% (2013: 68%) of total sales during the year.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

33.4 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.

	Undiscounted cash outflows		
	Within 3 months or on demand HK\$'000	Total undiscounted amount HK\$'000	Carrying amount HK\$'000
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
Group			
As at 31 December 2013			
Trade payables	7,125	7,125	7,125
Other payables	33,260	33,260	33,260
Bank overdrafts	1,101	1,101	1,101
Bank borrowings contain a repayment on demand clause	23,836	23,836	23,836
	65,322	65,322	65,322
Company			
As at 31 December 2013			
Other payables	40	40	40
Amount due to a subsidiary	8	8	8
	48	48	48

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

33.4 Liquidity risk (Continued)

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 2014	2,311	1,025	4,215	7,551	6,958
31 December 2013	16,436	1,938	6,570	24,944	23,836

33.5 Fair value

The fair value of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. In respect of bank borrowings repayable after 1 year but within 5 years, the carrying amounts approximated fair value because these borrowings are subject to floating rates.

34. 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 time deposits and cash and bank balances. The amount of capital as at 31 December 2014 amounted to HK\$46,392,000 (2013: HK\$69,369,000), which management considers as optimal having considered the projected capital expenditures and the forecast strategic investment opportunities.

35. EVENTS AFTER THE REPORTING DATE

(a) Issuance of warrants

On 23 February 2015, the Company announced that it had allotted and issued 18,173,980 unlisted warrants pursuant to the rights issue of warrants that had been completed on the same day. The issue price for each warrant was S\$0.01 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.

(b) Issuance of convertible bonds

On 23 February 2015, the Company announced that it had raised approximately S\$3,503,459.68 (HK\$19,970,000) from the allotment and issuance of unlisted 7% convertible bonds due 2020, in the denomination of S\$0.015 for each convertible bond, pursuant to the rights issue of convertible bonds that had been completed on the same day.

35. EVENTS AFTER THE REPORTING DATE (Continued)

(c) Amendments to the Joyas share option scheme

On 2 December 2014, the Company announced that the Scheme adopted by the Company on 21 December 2007 would be amended. The modified scheme was duly passed by the special general meeting held on 8 January 2015. The modified scheme allows the executive directors and non-executive directors (which include independent directors) of the Company to be eligible to participate in the Scheme, instead of limiting the Scheme to the full-time employees of the Group (including employees of associated companies). Details are set out in the Company's announcements dated 3 November 2014, 2 December 2014 and 8 January 2015.

(d) Acquisition of 70% equity in Hong Kong Silver Basic Group Limited ("HK Silver")

On 16 February 2015, one of the subsidiaries, Asia Pac Growth Holdings Limited entered into an investment agreement with the independent third party to acquire 70% of the issued and paid-up share capital of HK Silver at a consideration of HK\$700,000 in cash. HK Silver is principally engaged in the distribution and trading of nickel in Hong Kong and the PRC. The acquisition of HK Silver had been completed on 11 March 2015. Details of the acquisition are set out in the Company's announcements dated 3 November 2014, 2 December 2014, 8 January 2015, 17 February 2015 and 11 March 2015.

(e) Entry into a share options agreement

On 16 February 2015, the Company entered into a share options agreement with Chan Ka Leung to issue 12,000,000 options. The grant of the options will be conditional upon the satisfaction of the conditions as set out in the share options agreement. Such share options will be used as the payment of the introducer's fee for introducing shareholders of Hong Kong Silver to the management by Chan Ka Leung. Details of the transaction are set out in the Company's announcement dated 17 February 2015.

(f) Proposed transfer of the Company's Listing from Main Board of Singapore Exchange Securities Trading Limited to the sponsor-supervised board

On 3 March 2015, the Board announced that the Company would be seeking to transfer the Company's listing from the Main Board of the Singapore Exchange Securities Trading Limited ("SGX Main Board") to the sponsor-supervised board, Catalyst.

CORPORATE GOVERNANCE REPORT

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

This Corporate Governance Report describes the Company's corporate governance processes and activities. The Monetary Authority of Singapore ("MAS") issued the revised Code of Corporate Governance on 2 May 2012 (the "Code") which is effective for annual reports relating to financial years commencing from 1 November 2012. The Code is not mandatory, but listed companies are required under the SGX-ST Listing Rules to disclose their corporate governance practices and give explanations for deviations from the Code in their Annual Reports. For proper reference, the relevant provisions of the Code under discussion are identified in bold.

In line with the Code, the Board of Directors (the "Board") hereby confirms that the Company has adhered to the principles and guidelines of the Code 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 returns to shareholders. All Directors objectively make decisions in the interests of the Company. The Board also delegates certain of its functions to the Audit, Nominating and Remuneration Committees and these functions are described separately under the various sections of each Committee below. Each Committee has its own defined terms of reference and procedures.

The Board is scheduled to meet at least twice a year and as and when warranted by circumstances. The Company's Bye-Laws allow a board meeting to be conducted by way of a telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other. 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. New 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 Directors were 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.

The number of meetings held in respect of FY2014 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	2	2	NA	NA	NA	NA	NA	NA
Kwok Chin Phang	2	2	NA	NA	NA	NA	NA	NA
Ong Chor Wei	2	2	2	2	1	1	1	1
Cheung King Kwok	2	2	2	2	1	1	1	1
Lim Siang Kai	2	2	2	2	1	1	1	1

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.

CORPORATE GOVERNANCE REPORT

Principle 2 : Board Composition and Guidance

The Board comprises:

Lau Chor Beng, Peter	(Managing Director)
Cheung Wai Hung, Danny	(Executive Director)
Kwok Chin Phang	(Non-Executive Director)
Ong Chor Wei	(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 six Directors, with 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. 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 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 area: product development, business administration, business management, business consulting, accounting or finance, corporate finance, audit, compliance and risk management. Further 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 is comprised of male Directors.

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. They meet regularly on their own without the presence of 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.

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 Managing Director, which combines the role of the Chairman and Chief Executive Officer and the Company will seek to separate the roles as soon as it is appropriate to do so.

The responsibilities of the 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.

BOARD COMMITTEES

Nominating Committee

Principle 4 : Board Membership

Principle 5 : Board Performance

The members of the Nominating Committee ("NC") are as follows:

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

CORPORATE GOVERNANCE REPORT

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 2014. The NC is regulated by a set of terms of reference and its role is 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 of the existing Board and the requirements of the Group. After endorsement by the Board of the key 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.

New Directors are appointed by way of a board resolution, after the 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. In addition, pursuant to the Companies Act, Cap. 50, a Director who attains the age of 70 years may, by an ordinary resolution passed at an AGM of the Company be re-appointed as a Director of the Company to hold office until the next AGM. 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 appointment	Due for re-election
Cheung Wai Hung, Danny	4 October 2006	✓
Kwok Chin Phang	13 May 2011	✓

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 has recommended the nominations of Mr Cheung Wai Hung, Danny and Mr Kwok Chin Phang, for re-election at the forthcoming AGM of the Company. The Board has accepted the NC's recommendation. The NC Chairman is not, and is not directly associated with, a substantial shareholder with interest of 5% or more in the voting shares of the Company.

Although the Independent Directors hold directorships in other 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 adopted internal guidelines to address the competing time commitments faced by these Directors serving on multiple boards.

With due respect to individual autonomy of each Director, 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 Nominating Committee 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, warn the Director of the issues and in any continuance, the consequences flowing from the situation. Despite some of the Directors having other board representations, the Nominating Committee 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. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

The 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 performance of the Board as a whole, and that of the Managing Director, has been satisfactory.

AUDIT COMMITTEE

Principle 11 : Risk Management and Internal Controls

Principle 12 : Audit Committee

Principle 13 : Internal Audit

The Audit Committee ("AC") comprises the following Directors:

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

CORPORATE GOVERNANCE REPORT

The AC is made up of three Non-Executive Directors with two of them, including the Chairman being independent. The AC is scheduled to meet at least two times a year. For FY2014, 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 formal 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 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 FY2014, the AC met once with the external 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 and value for money. 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 of the Singapore Exchange Securities Trading Limited ("SGX-ST"). In FY2014, the Company engaged BDO Limited, Hong Kong and Fairfield CPA Limited, Hong Kong to audit its subsidiaries: Happy Time Industries Limited, J&J Design Limited and Royce Gifts & Accessories Limited ("HK Subsidiaries"). The Company engaged Fairfield 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 Listing Manual, the Company wishes to confirm that its Board and AC are satisfied that the appointment of Fairfield CPA Limited Hong Kong as an auditor 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 FY2014, 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 and Fairfield CPA Limited, Hong Kong) for FY2014 was:

	HK\$'000
Audit fees	760
Non-audit fees	–
Total fees	760

The AC has reviewed the non-audit services rendered by the external auditors for FY2014 as well as the fees paid, and is satisfied that the independence of the external auditors have not been impaired.

For internal audit work relating to FY2013, 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 FY2013 on Royce in FY2014.

For internal audit work relating to FY2014, 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 the annual report, such internal audit work is still in progress. 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 significant matters 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.

CORPORATE GOVERNANCE REPORT

The Board with the assistance of the AC has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over 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 FY2014. 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 is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them.

The Board has also received assurances from the Managing Director 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 regarding the effectiveness of the Group's risk management systems and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, various Board Committees and the Board, the Board is of the opinion, with the concurrence of the AC, 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 2014.

REMUNERATION MATTERS

Principle 7 : Procedures for Developing Remuneration Policies

Principle 8 : Level and Mix of Remuneration

Principle 9 : Disclosure on Remuneration

The Remuneration Committee ("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 being 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 on 27 February 2014. 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.

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 always 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.

CORPORATE GOVERNANCE REPORT

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 Director and key executives is 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 FY2014. However, the RC has reviewed the performance of the Executive Directors and key executives for FY2014, 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 2014 (Exercise Price)
Executive Directors					
Below S\$250,000					
Lau Chor Beng, Peter	525	—	—	100	—
Cheung Wai Hung, Danny	600	—	—	100	—
Non-executive Directors					
Below S\$250,000					
Kwok Chin Phang	—	84	—	100	—
Ong Chor Wei	—	84	—	100	—
Cheung King Kwok	—	118	—	100	—
Lim Siang Kai	—	105	—	100	—

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

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 %	No. of Stock Options granted as at 31 December 2014 (Exercise Price)
Key Executive Officers			
Below S\$250,000			
Lau Ka Yiu	—	100	—
Tung Ka Chun	—	100	—
Lau Chor Wing	—	100	—
Lui Mui Ching	—	100	—
Chan Shui Ki	—	100	—

CORPORATE GOVERNANCE REPORT

In aggregate, the remuneration of the key Executive Officers set out in the table above for the financial year under review is S\$390,000 (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 FY2014.

Mr Lau Ka Yiu (the Executive Officer) is the son of Mr Lau Chor Beng, Peter (the Managing Director) and the nephew of Mr Lau Chor Wing (the Executive Officer) and Mr Cheung Wai Hung, Danny (the Executive Director). 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, none of the Directors and Executive Officers are related to each other or to the Substantial Shareholders and the Company does not have any employee who is an immediate family member of any Director and whose remuneration exceeded S\$50,000 during the financial year under review.

To the best of our knowledge and belief, there are no arrangements or undertakings with any Substantial Shareholders, customers, suppliers or others, pursuant to which any of the Directors and Executive Officers was appointed.

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, established by the Company pursuant to the Code, 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, no share options have been granted by the Company.

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. 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.

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

The Board members have separate and independent access to the Company Secretary. Under the direction of the 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 quarterly, 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.

CORPORATE GOVERNANCE REPORT

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. Separate resolutions on each substantially separate issue are proposed at general meetings for approval. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved. 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, and addresses shareholders' concerns. In disclosing information, the Company strives to be as descriptive, detailed and forthcoming as possible.

The Management also provides all members of the Board with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a regular basis.

The Articles of Association 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 FY2014. The Board would consider establishing a dividend policy at the appropriate time.

DEALINGS IN SECURITIES

In compliance with the Listing Manual of the SGX-ST, the Company has adopted and implemented a code of conduct governing securities transactions by its Directors and all its officers.

Under the code of conduct, the Directors and all officers are prohibited from dealing in the Company's securities at least one month before the announcement of the Company's quarterly, 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 code of conduct also ensures that no Director or officer deals 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.

In the above circumstances, in the opinion of the Directors, the Company has complied with the Listing Manual of the SGX-ST and with the Company's code of conduct and thus there is a high standard of corporate governance which will promote investor confidence in the Company's management.

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 Listing Manual of the SGX-ST and has in place procedures for review and approval of all interested person transactions.

There are no interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST and excluding transactions amounting to less than S\$100,000, and there are no other interested person transactions during the financial year under review.

CORPORATE GOVERNANCE REPORT

USE OF NET PROCEEDS FROM THE PLACEMENT

The Group's utilisation of the net proceeds of approximately S\$984,000 from the placements done in FY2103 is set out as below:

Use of proceeds	Amount of net proceeds allocated (S\$'000)	Amount utilised to date (S\$'000)	Amount unutilised to date (S\$'000)
General working capital	984	745 ¹	239
Total	984	745	239

The allocation and utilisation of the proceeds from the placement is in accordance with the intended use as stated in the placement announcements. The Company will make further announcements when the remaining net proceeds from the placement are materially disbursed.

Note:

- The amount of net proceeds for general working capital utilised is used for administrative expenses.

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 FY2014.
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 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 area: product development, business administration, business management, business consulting, accounting or finance, corporate finance, audit, compliance and risk management. Further 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 is 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.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
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 of the existing Board and the requirements of the Group. After endorsement by the Board of the key 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. New Directors are appointed by way of a board resolution, after the 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 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. New 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 Directors were 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
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) With due respect to individual autonomy of each Director, no maximum number of listed company board representations a Director may hold is prescribed. (b) The Company has adopted internal guidelines to address the competing time commitments faced by the Directors serving on multiple boards. (c) If a Director is on the Board of other companies, the Nominating Committee 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 of the Board shall discuss, and if necessary, warn the Director of the issues and in any continuance, the consequences flowing from the situation.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
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. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board. (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 performance of the Board as a whole, and that of the Managing Director, has been satisfactory.
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 (except the Investment Committee), 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 to be 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 not any 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 has served on the Board beyond nine (9) years from the date of their first appointment.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into fixed/base salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, as set out under 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 5 key executives (who are not Directors or the Managing Director) was approximately S\$390,000.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
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 FY2014. 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 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 Director and key executives is done in a review conducted prior to the renewal of the service agreement of the Executive Director and key executives. (c) There was no variable remuneration paid to Executive Directors and key executives in FY2014. However, the RC has reviewed the performance of the Executive Directors and key executives for FY2014, 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. 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.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?								
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. (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?	(a) The Board with the assistance of the AC has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over 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 the financial year ended 31 December 2014. 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 is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them. (b) The Board has also received assurances from the Managing Director 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 regarding the effectiveness of the Group's risk management systems and internal control systems. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, various Board Committees and the Board, the Board is of the opinion, with the concurrence of the AC, 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 2014.								
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. (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.	(a) The aggregate amount of fees paid for the external auditors of the Group (BDO Limited, Hong Kong, BDO LLP, Singapore and Fairyard CPA Limited, Hong Kong) for the financial year ended 31 December 2014 was: <table><tr><td></td><td>HK\$'000</td></tr><tr><td>Audit fees</td><td>760</td></tr><tr><td>Non-audit fees</td><td>–</td></tr><tr><td>Total fees</td><td>760</td></tr></table> (b) For the year under review, there were no non-audit services performed by the external auditors		HK\$'000	Audit fees	760	Non-audit fees	–	Total fees	760
	HK\$'000									
Audit fees	760									
Non-audit fees	–									
Total fees	760									

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(a) Yes. The Board believes in regular, effective, fair and timely disclosure of material information to its shareholders to enhance the standard of corporate governance. 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 quarterly, 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 and to vote in the general meetings of the Company and to stay informed of the Company's strategy and goals, 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 Annual General Meeting of the Company. (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) 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 are paid for FY2014. The Board would consider establishing a dividend policy at the appropriate time.

SHAREHOLDING STATISTICS

as at 20 March 2015

Authorised share capital	–	HK\$100,000,000
Issued and fully paid-up	–	HK\$3,546,707
Issued and fully paid-up shares excluding treasury shares	–	354,670,733
Class of shares	–	Ordinary shares of HK\$0.01 each
Voting rights	–	1 vote per ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 20 March 2015, 40.11% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	47	5.45	295	0.00
100 – 1,000	150	17.38	147,700	0.04
1,001 – 10,000	308	35.69	1,589,464	0.45
10,001 – 1,000,000	331	38.35	43,340,600	12.22
1,000,001 AND ABOVE	27	3.13	309,592,674	87.29
Total	863	100.00	354,670,733	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	JOYAS INVESTMENTS GROUP LIMITED	212,421,638	59.89
2	RAFFLES NOMINEES (PTE) LIMITED	12,777,800	3.60
3	RAMESH S/O PRITAMDAS CHANDIRAMANI	11,319,900	3.19
4	FRANCIS LEE FOOK WAH	8,064,346	2.27
5	LOO BEE KENG	7,905,600	2.23
6	RHB SECURITIES SINGAPORE PTE. LTD.	7,108,500	2.00
7	KOH YEW CHOO	5,531,000	1.56
8	CHONG MOI OR NYANG POH CHIN	4,750,000	1.34
9	OCBC SECURITIES PRIVATE LIMITED	4,518,990	1.27
10	NG BAN HOCK	4,028,000	1.14
11	ONTHAWORN BANCHAI	3,000,000	0.85
12	LIEW ENG ING	2,600,000	0.73
13	LEE PUI HAN	2,470,000	0.70
14	KHOO BOO KOK	2,462,600	0.69
15	WONG CHUNG WAI	2,224,000	0.63
16	PHILLIP SECURITIES PTE LTD	2,076,500	0.59
17	CHAN TIAN POH	1,800,000	0.51
18	TOON WENG KIONG	1,800,000	0.51
19	CHIA KOON TAI	1,641,000	0.46
20	CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,590,000	0.45
TOTAL		300,089,874	84.61

SHAREHOLDING STATISTICS

as at 20 March 2015

SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
	Direct Interest	%	Deemed Interest	%
Joyas Investments Group Limited ⁽¹⁾	212,421,638	59.89	–	–
Lau Chor Beng, Peter ^{(1) (2) (3) (6)}	–	–	212,421,638	59.89

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) (6)}	591	59.10
Cheung Wai Hung, Danny ^{(2) (3)}	154	15.40
Uprich Holdings Limited ⁽⁴⁾	154	15.40
Chan Shui Ki ⁽⁵⁾	45	4.50
Lau Chor Wing ⁽⁶⁾	36	3.60
Lau Chor Ming, Johnny ⁽⁶⁾	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 and Cheung Wai Hung, Danny are Directors of the Company.
- (3) Cheung Wai Hung, Danny is the brother-in-law of Lau Chor Beng, Peter.
- (4) Mr Ong Chor Wei, a Director of the Company, holds 50% interest in Uprich Holdings Limited, a BVI investment holding company. The other 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) Chan Shui Ki was a director of the Company. He resigned on 13 May 2011.
- (6) Lau Chor Wing and Lau Chor Ming, Johnny are brothers of Lau Chor Beng, Peter.

WARRANT HOLDING STATISTICS

as at 20 March 2015

DISTRIBUTION OF WARRANT HOLDINGS

SIZE OF WARRANT HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
1 – 99	3	0.81	50	0.00
100 – 1,000	49	13.25	27,023	0.02
1,001 – 10,000	233	62.97	1,143,611	1.07
10,001 – 1,000,000	74	20.00	7,647,219	7.12
1,000,001 AND ABOVE	11	2.97	98,525,545	91.79
Total	370	100.00	107,343,448	100.00

TWENTY LARGEST WARRANT HOLDERS

	NAME	NO. OF WARRANTS	%
1	JOYAS INVESTMENTS GROUP LIMITED	65,703,546	61.21
2	CHAN WENG CHIH MATTHEW (CHEN RONGZHI MATTHEW)	6,000,000	5.59
3	CYL INVESTMENTS LIMITED	6,000,000	5.59
4	ABN AMRO NOMINEES SINGAPORE PTE LTD	5,350,000	4.98
5	CHUANG FU-YUAN	3,814,000	3.55
6	LOO BEE KENG	3,644,499	3.40
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,145,000	2.93
8	NG BAN HOCK	1,442,000	1.34
9	LIEW ZHI WEI (LIU ZHIWEI)	1,254,600	1.17
10	RHB SECURITIES SINGAPORE PTE. LTD.	1,160,000	1.08
11	KAM KENG SENG	1,011,900	0.94
12	PEH HOCK CHOON	800,000	0.75
13	EIO HOCK CHUAR	600,000	0.56
14	CIMB SECURITIES (SINGAPORE) PTE. LTD.	530,000	0.49
15	ZHANG AIQIN	510,000	0.48
16	GOH LAY WAH	382,000	0.36
17	MANOHAR P SABNANI	350,000	0.33
18	YEO AH SOON	304,000	0.28
19	TEO AH TIAK	300,000	0.28
20	ONG CHIN KEAN	296,000	0.28
	TOTAL	102,597,545	95.59

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Joyas International Holdings Limited (the "Company") will be held at 1 Robinson Road, #18-00 AIA Tower, Singapore 048542 on Wednesday, 29 April 2015 at 9.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts of the Company for the financial year ended 31 December 2014 together with the Directors' Report and Auditors' Report thereon. **(Resolution 1)**
2. To approve Directors' fees of HK\$478,350 for the financial year ending 31 December 2015 (2014: HK\$390,600). **(Resolution 2)**
3. To re-elect Mr Cheung Wai Hung, Danny retiring pursuant to Bye-Law 104 of the Bye-Laws of the Company. **(Resolution 3)**
4. To re-elect Mr Kwok Chin Phang retiring pursuant to Bye-Law 104 of the Bye-Laws of the Company. **(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)**

By Order of the Board

Gwendolyn Gn Jong Yuh
Lui Mui Ching
Company Secretaries
Singapore, 6 April 2015

Explanatory Note:

- (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.

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.

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JOYAS INTERNATIONAL HOLDINGS LIMITED

