香港資源控股
HONG KONG RESOURCES HOLDINGS
(Stock Code: 2882)

The Golden Thread

Annual Report 2010

Contents

Mission

Hong Kong Resources Holdings Company Limited aims at growing into an integrated resources-development company of scale, from mining to retailing. We continue to seek opportunities, both upstream and downstream, in precious metals (gold, silver) and beyond.

Major Events

01

September 2009 – through the formation of strategic partnership between 3D-GOLD, the lead brand of Hong Kong Resources Holdings Group and JUSCO, a major department store chain in Hong Kong, 3D-GOLD's jewellery products began sales at JUSCO stores.

02

December 2009 – 3D-GOLD renewed contract with Ms. Kelly Chen, the spokeswoman of long standing, with the theme of "the blessed woman".

03

December 2009 – 3D-GOLD formed strategic alliance with HFBH of the city of Hefei, Anhui Province. The TV stars, Ms. Ada Choi, and her husband, Mr. Max Zhang, attended the signing event as celebrity guests.

04

January 2010 – at the grand opening of 3D-GOLD's new image store at the Venetian of Macau, Mrs. Cathy Lee, Goodwill Ambassador of Chi Heng Foundation, attended the ribbon-cutting ceremony and received 3D-GOLD's donation of HK$500,000 to the Foundation.

05

March 2010 – 3D-GOLD received from Capital Magazine the "10th Capital Outstanding Enterprise Award – Best Retail Chain" in the jewellery category.

06

March 2010 – 3D-GOLD became the Gold Sponsor of Hong Kong's participation in EXPO 2010, Shanghai, China, an event that reflects coming-of-age of China's economy.

07

April 2010 – 3D-GOLD formed a strategic partnership with the Agricultural Bank of China which has a 24,000-branch network throughout China; 3D-GOLD will launch bullion products with designs rich in Chinese culture.

08

April 2010 – 3D-GOLD announced cooperative arrangement with Mr. Dorian Ho, a top fashion designer in Hong Kong, on a collection of high-end diamond jewellery for weddings. Also announced at the same event, this collection will also be sold in the Ginza district of Tokyo, at points of sale to be established at stores of WAVE, an audio-video retailer and strategic partner to the Group, as 3D-GOLD's expansion reaches Japan.

09

May 2010 – The Group launched multi-media brand-promotion champagnes to boost brand awareness of 3D-GOLD in the Greater China Region, with 3 newly appointed brand ambassadors who are Miss Chinese International winners.

10

June 2010 – 3D-GOLD, as the title sponsor of the movie "The Legend is Born – Ip Man", supported premieres in Hong Kong, Beijing and Foshan, home of Mr. Ip Man, the famous martial artist. The Group also signed on, as spokespersons of our jewellery collections, the lead stars of the movie, Mr. Dennis To and Ms. Rose Chan, whose images of youth, health and uprightness are expected to enhance the promotion of 3D-GOLD's collections.

11

June 2010 – The Group's 3D-GOLD brand has been honored in "China's 500 Most Valuable Brands" by the World Brand Lab.

12

June 2010 – Dr. Kennedy Wong, Chairman of the Group and Vice Chairman of the All-China Youth Federation, led a delegation of the Hong Kong Committee of the All-China Youth Federation to Xining, Qinghai Province, to visit the reconstruction area ravaged by earthquake, and to present a HKD$1,000,000 donation consisting of contribution from HKRH Group as well as other members of the delegation.

Chairman's Statement

Dear Shareholders,

On behalf of Hong Kong Resources Holdings Company Limited ("**HKRH**" or the "**Group**"), I am pleased to present to you the Group's annual results for the year ended 31 March 2010.

The Year 2009 was a milestone in the history of HKRH: in July 2009, HKRH entered the gold and jewellery retailing business in the Greater China region through the successful acquisition of a Hong Kong-based jewellery retail chain, with more than 260 points-of-sale in Hong Kong, Macau and the China Mainland, under the brand "3D-GOLD".

The year 2009 marked the beginning of the Group's five-year strategic plan. The Group, under the inspired leadership of the management and tireless efforts of our staffs, has achieved in 8 months, profit and growth that have restored the Group to a healthy position in the market. Such performance speaks for the business model, strategy and execution capabilities of the Group.

Going forward, we will stay on course to capture opportunities generated by the surging purchasing power in the Asia-Pacific region, particularly China. To this end, we are committed to expanding the jewellery retail network, under the brands "3D-GOLD" and "La Milky Way", through opening new points of sale under proprietary management and under our franchise programme, by 100 new points of sale each year, reaching 500 points of sale by 2012. Further, the Group plans to launch an e-commerce platform to capture high-grounds in the fast-emerging cyber-market in Greater China, Japan and other economies. Through innovative business models and strategic alliances with well-known business enterprises, designers, artists and other celebrities, we seek robust growth, wider profit margin, strong brand recognition and loyalty from consumers. Last but not least, we are committed to achieving customer satisfaction and loyalty through quality service and product innovation.

At the same time, HKRH also seeks opportunities in upstream business, such as gold mining, to forge an integrated resource-development company of scale, from mining to retailing, in Greater China and beyond.

In April 2010, the Group acquired the remaining 40% interest in China Gold Silver Group Company Limited, a subsidiary engaged in the retail operation. This is in line with the Group's strategy of capturing a larger share of the PRC's vast domestic market. In 2010, the Group will continue to pursue a proactive, yet prudent strategy to strengthen our core competencies and competitiveness.

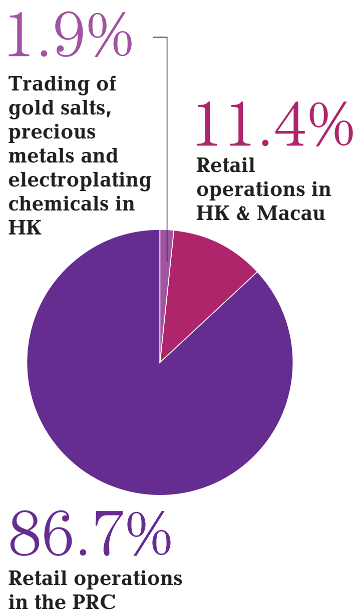
In closing, on behalf of the Board, I extend my sincere appreciation and gratitude to all staffs of HKRH for their efforts and shareholders for their support in the past year. Looking forward, we expect the year 2010 to be full of opportunities and challenges. As always, we strive to create greater value for shareholders and investors.

Dr. Wong, Kennedy Ying Ho, BBS, J.P.
Chairman

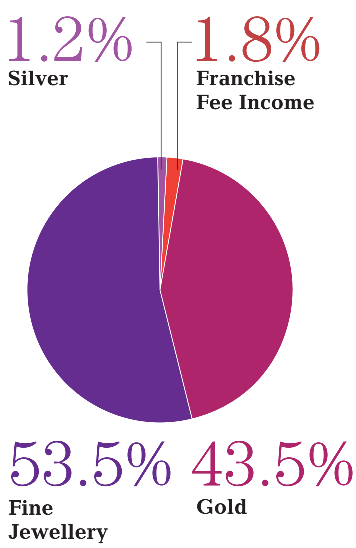
Hong Kong, 19 July 2010

Management Discussion and Analysis

Turnover Breakdown by Business



Gross Profit Analysis by Products



The board of directors (the "**Board**") of Hong Kong Resources Holdings Company Limited (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2010 (the "**Year**").

RESULTS

On 28 July 2009, the acquisition of the restructured group of 3D-GOLD Jewellery Holdings Limited (Provisional Liquidators Appointed) (Subject to Scheme of Arrangement) and its subsidiaries or its business ("**Restructured Group**" as defined in the Company's circular dated 12 June 2009) was completed ("**3D-GOLD Acquisition**").

The Restructured Group is principally engaged in the retail and franchising operations for selling gold and jewellery products in Hong Kong, Macau and other regions ("**Mainland China**") in the PRC under the trade name of 3D-GOLD.

As a result, the Group recorded a turnover of approximately HK$1,290,110,000 for the Year, representing an increase of 1,256% as compared to the turnover of approximately HK$95,138,000 last year. The profit attributable to equity holders of the Company was approximately HK$123,399,000 for the Year compared to the profit of approximately HK$275,664,000 last year.

The increase in the Group's turnover and gross profit arises from improvement in the retailing business of gold products, other precious metal products and jewellery products from the 3D-GOLD Acquisition. In particular, excluding the non-recurring discount on the 3D-GOLD Acquisition, profit before taxation was HK$43,922,000, demonstrating a significant improvement from a loss before taxation of HK$69,468,000 of last year if the non-recurring gain of HK$344,714,000 on disposal of subsidiaries related to the corporate restructuring was excluded.

DIVIDEND

An interim dividend of HK0.70 cents per share was paid to both the holders of ordinary shares and preference shares of the Company during the year.

The Board recommends the payment of a final dividend of HK0.35 cents (2009: Nil) per share for the year to both the holders of ordinary shares and preference shares of the Company resulting in a total dividend payment of HK$6.9 million, and is subject to approval by the shareholders in annual general meeting.

The dividend shall be payable on or about 14 September 2010 to holders of ordinary shares ("ordinary shares") and holders of preference shares ("preference shares") whose names appear on the Company's register of members on 31 August 2010.

Anhui Beijing Chongqing Gansu Guangdong Guangxi Hainan Hebei Heilongjiang Henan Hong Kong Hubei Hunan Inner Mongolia Jiangsu Jilin Liaoning Macau Ningxia Qinghai Shanxi Shandong Shanghai Shaanxi Tianjin Xinjiang Yunnan Zhejiang

Over

265 shops in China

For the ordinary shares, the register of members will be closed from 25 August 2010 to 31 August 2010, both days inclusive, during which period no transfer of ordinary shares will be registered. To qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not be later than 4:00 p.m. on 24 August 2010.

BUSINESS REVIEW

Since the completion of the 3D-GOLD Acquisition, the Group has focused on the retailing of jewellery products. Turnover of the jewellery retail accounted for 98% of the Group's total, which consists of an amount of approximately HK$147,728,000 from the Hong Kong & Macau operation and HK$1,118,360,000 from the Mainland China operation.

The Group unveiled the new image of the 3D-GOLD store and the new product series at the Shenzhen International Jewellery Fairs in September 2009. The new image has attracted many customers.

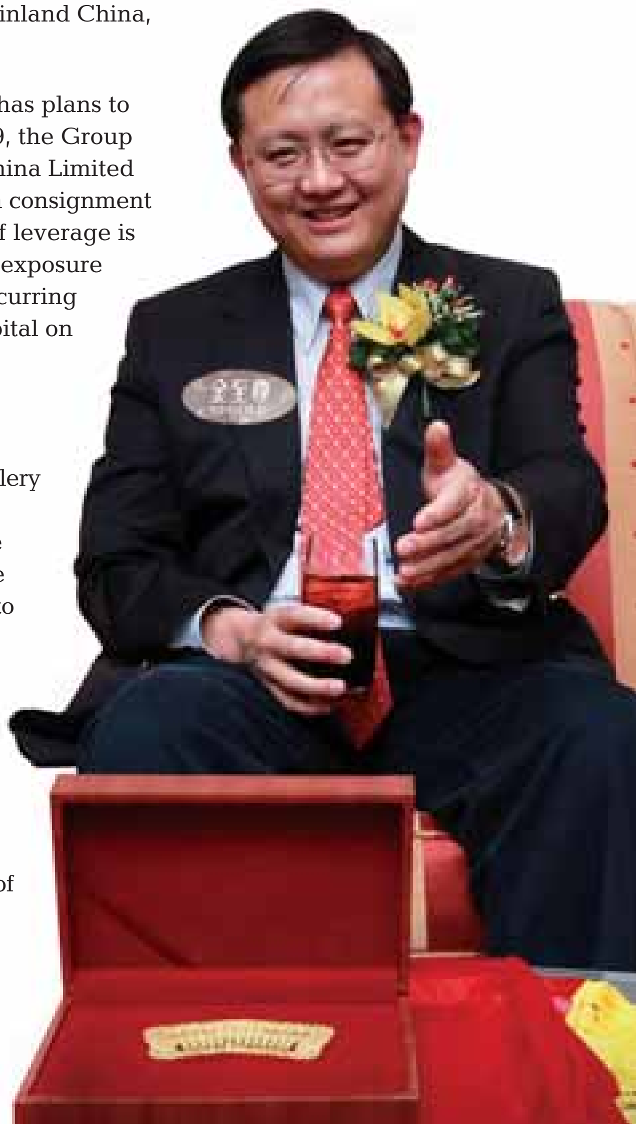
Since the 3D-GOLD Acquisition, 71 new shops and counters have been opened in Hong Kong, Macau and Mainland China. Up to the date of this report, the Group has 12 points of sale in Hong Kong, 2 points of sale in Macau and 245 points of sale in the Mainland China under the brand "3D-GOLD", plus 25 points of sale in the Mainland China under the brand "La Milky Way". Of the points of sale in the Mainland China, 127 are self operated points of sale and 143 are franchise points of sale.

In addition to its own jewellery retail point-of-sale network, the Group has plans to diversify its sales channels in the physical gold market. In October 2009, the Group entered into a cooperation agreement with The Agricultural Bank of China Limited ("**ABC**"). By this agreement, the Group will sell gold bullion products on consignment through ABC's existing network of 24,000 branches. This opportunity of leverage is expected to enable the Group to soak up sales and strengthen its brand exposure in regional markets in the PRC efficiently and economically, without incurring large capital expenditure on shop leases and renovation or working capital on hiring retail staff, or much greater demand on management resources.

MARKETING AND PROMOTION

The Group strongly believes in the value of a strong brand. A strong jewellery brand means trustworthiness, quality & design while trust facilitates the buying decisions. Quality and design of products facilitate the acceptance of higher value buys. Accordingly, the Group will continue to promote the "3D-GOLD" brand through a comprehensive marketing programme and to present a corporate image of superior quality, beauty and elegance. The Group's marketing programme includes joint promotions, sponsorships and exhibitions as highlighted below:

- Gold Sponsor of Hong Kong's Participation in Expo 2010 Shanghai China, and produced a replica of gold-plated bronze "Golden Bauhinia Blakeana" statue
- Renewed the famous artist, Ms. Kelly Chen, as the spokeswoman of 3D-GOLD



- Appointed the action movie stars Mr. Dennis To and Ms. Rose Chan as the Jewellery Collection Spokespersons of 3D-GOLD Group
- Appointed the past Miss Chinese International Pageants – Ms. Oceane Zhu, Ms. Christine Kuo and Ms. Kayi Cheung as the Ambassadors of 3D-GOLD
- Launched new product series "Happy Women – Warm my Heart" Collection and "I Love I do" Wedding Collection
- 3D-GOLD participated in 2009 & shall participate 2010 Shenzhen International Jewellery Fair
- Working closely with World Gold Council to develop quality products jointly, 3D-GOLD became the only national brand in cooperation with the World Gold Council under its brand of "Only Gold". (From September 2010 to August 2011)
- Participation in 2009/2010 style Hong Kong Show in Guangzhou, Fuzhou and Jinan launched by Hong Kong Trade Development Council
- Co-organized the Jessica Code 7th Anniversary Party and held a Jewellery Fashion Catwalk Show with Hong Kong Famous Fashion Designer, Mr. Dorian Ho
- Collabrated with Hong Kong Famous Fashion Designer, Mr. Dorian Ho, to launch a new Bridal collection
- Collabrated with the Agricultural Bank of China to produce gold bullion and sold exclusively at the branches of the Agricultural Bank of China
- Title and Premiere Sponsor of "The Legend is Born – Ip Man"

香港Q嘜優質服務計劃
Hong Kong Q-Mark
Service Scheme

香港卓越名牌
HONG KONG
PREMIER BRAND

AWARDS AND ACHIEVEMENTS

In the past year, the Group has received a number of industry awards as recognition of its efforts in promoting service excellence, industry best practices, and its contributions to the jewellery retail sector.

Hong Kong

- Hong Kong Premier Brand awarded by Hong Kong Brand Development Council to "3D-GOLD" jewellery retail chain.
- ISO9001:2008 certificate awarded by Det Norske Veritas to "3D-GOLD" jewellery retail chain.
- Hong Kong Q-Mark Service Scheme certificate awarded by Hong Kong Q-Mark Council under the auspices of the Federation of Hong Kong Industries to 3D-GOLD Jewellery (HK) Limited, which holds the jewellery retail chain stores in Hong Kong
- Quality Tourism Services certificate awarded by The Hong Kong Tourism Board to to "3D-GOLD" jewellery retail chain.
- No Fakes Pledge awarded by The Intellectual Property Department under the Federation of Hong Kong Industries to "3D-GOLD" jewellery retail chain
- The 10th Capital Outstanding Enterprise Awards awarded by Capital Magazine to "3D-GOLD" jewellery retail chain
- Excellence Award in Jewellery Design by Jessica Code to "3D-GOLD".
- Supreme Brands in Asia 2010 awarded by Express Weekly to "3D-GOLD".

China

- 3D-GOLD ranked 182th in the China Top 500 Most Valuable Brands 2010, and 2nd in the category of jewellery brands, with a brand value of RMB4.8 billion
- ISO9001: 2008 certificate awarded by Det Norske Veritas.

INVESTOR RELATION

The Group values its relationships with investors. Committed to maintaining close ties to professionals from the asset management community, the Group has heightened the transparency of its operations, and has maintained through open and effective communication, to enable investors and the investment community to understand our management philosophy and long-term development plans.

Throughout the year, the Group has arranged one-on-one meetings and visits for fund managers. The Group welcomes and treasures investors' comments as it strengthen our value to the investors. The Group's effort to create value for investors will continue.

PROSPECTS

The world economy is recovering from the financial crisis and its impact on the luxury market. Fortunately, the PRC market, the Group's main market, has remained resilient.

According to the National Bureau of Statistics, the total retail sales of gold and silver jewellery in PRC for the first six months of 2010 increased by 43% compared with the same period in 2009. Growth in the PRC economy has continued to stimulate domestic consumption. Rising spending power, coupled with the trust in gold as a store of value, has resulted in Mainland consumers' increasing purchases of gold products. The Group will continue its effort in winning a larger share of PRC's vast domestic market.

Likewise, the Group will continue to enlarge its franchisee network, strategic partnerships and brand alliances. Foremost among priorities is expanding the retail business, setting priority by city or region and focusing on franchise operation first and self-operated retail shops second by reaching 500 points of sale by 2012. The PRC market will remain the key growth driver in the future. The Group plans to maintain growth through heightening the 3D-GOLD brand image in the PRC.

Enhancing 3D-GOLD brand image in the PRC will continue to be an important component of our strategy to drive the growth of our retail business. Our innovative business models and strategic alliances with well-known business enterprises, designers, artists and other celebrities, will also boost our efforts to robust growth, wider profit margins, stronger brand recognition and loyalty from consumers.

The Group is concurrently exploring opportunities for establishing its presence in markets beyond Greater China. Another dimension of the Group's activities is building up an international presence. The first step is through a three-year cooperative agreement with roppongi.WAVE Group Inc. ("**WAVE**"), an audio-video retail chain in Japan, the Group will set up sales counters in the chain stores of WAVE across Japan to sell jewellery products under the Group's 3D-GOLD and La Milky Way brands, first in the prestigious Ginza district in Tokyo, as well as to build up brand awareness among Japanese consumers.

To further broaden the sales channel, the Group plans to launch an e-commerce platform to capture the high-ground in the fast-emerging cyber-market in Greater China, Japan and other regions.

Longer term, the Group aims at achieving vertical integration: from gold mining, volume trading of physical gold, to retailing of gold jewellery products. The Group will continue to build a worldwide agency network to distribute gold products to develop the 3D-GOLD name into an international brand, maximising the brand value of 3D-GOLD. As always, the ultimate goal of the Group is maximizing shareholder value by broadening the income streams, heightening profit margins, and strengthening the cash flow.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group centralizes funding for all its operations through the corporate treasury based in Hong Kong. As of 31 March 2010, the Group had total cash and cash equivalents amounting to HK$156,260,000 (31 March 2009: HK$115,803,000) and total net assets of approximately HK$702,442,000 (31 March 2009: HK$215,758,000). The Group's gearing ratio as of 31 March 2010 was 38 % (31 March 2009: Nil), being a ratio of total bank and other borrowings of approximately HK$266,138,000 (31 March 2009: Nil) to total equity of approximately HK$702,442,000 (31 March 2009: HK$215,758,000).

The Company has conducted a placement of 40,000,000 ordinary shares at a price of HK$1.30 and 80,000,000 at HK$1.63 each during the Year, for which the Company received total net proceeds of approximately HK$173,000,000.

To achieve longer-term financial stability and greater flexibility in future expansion, the Group is in negotiation to convert short-term loans into long-term loans.

Contingencies and Commitments

Contingencies and commitments of the Group at 31 March 2010 are set out in note 31 to the consolidated financial statements.

Charges on Assets

As of 31 March 2010, certain inventories with a carrying amount of approximately HK$139,000,000 (31 March 2009: Nil) have been pledged to secure banking facilities granted to the Group.

Financial Risk and Exposure

A detailed analysis of the Group's exposure to various risks, including fluctuations in currency exchange rates, interest rates and fair values of financial assets, are set out in note 35 to the consolidated financial statements.

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives at 31 March 2010.

Employees and Remuneration Policy

As at 31 March 2010, the Group had 2,117 employees (31 March 2009: 15). Remuneration policies are reviewed and approved by management on a regular basis. Remuneration packages have taken into account factors in comparable markets. Bonus and other merit payments are linked to the performance of the group and individual employees.

Corporate Social Responsibilities

The development of globalization in the 21st century has brought an unprecedented impact on the people's livelihood around the world. Likewise, all of us are expecting a brand new model for corporate conduct. Such new model, known as "Corporate Social Responsibility", reflects more thoroughly the interrelationship between people's livelihood and corporate activities. Whilst the primary mission of a corporation is to maximize the benefits for its shareholders, the public hopes that it can share the fruits with the staffs, give back to the community and protect the environment in order to achieve a healthy and sustainable development of our world.

A brand new model for Corporate Social Responsibility has been established in Hong Kong, covering issues from charity and social work to the facilitation of communication between corporations and the community. Better still, the Chinese government/ corporations would also mirror on such model.

In Hong Kong, the Corporate Social Responsibility program is planned and implemented by the Hong Kong Council of Social Service. Through out the years, it has achieved excellent results in promoting a friendly and cooperative relationship between the community and corporations.

Members of the Group, including Hong Kong Resources, 3D-Gold Jewellery and La Milky Way, have been actively organizing various activities under the Corporate Social Responsibility program and committed to promoting community harmony and spreading the message of love. Besides building a volunteer team to help the disadvantaged, the Group also cooperates with numerous social institutions such as All-China Youth Federation, Chi Heng Foundation, Hong Kong Red Cross, the Community Chest of Hong Kong, the Salvation Army and Friends of the Earth to organize different kinds of community-caring activities and charity campaigns as part of its philanthropic initiatives.

Give Blood, Give Love at Blood Donation Day

It is unquestionable our duty in giving hand to critical emergency relief. The Group promoted the blood donation day with the slogan "Give Blood Give Love" and organized our staffs to donate blood at the Donor Centre of Hong Kong Red Cross at Ginza Plaza, Mongkok.

Qinghai Compassionate Team

The Group worked together with the All-China Youth Federation and formed a team of more than ten to visit Xining for the rebuilding of the disaster area. Hong Kong Resources, 3D-GOLD Jewellery and National Arts Films Production donated HK$1 million to China Youth Development Foundation for its youth work. We also donated stationery sets to 200 pupils who suffered in the earthquakes in Qinhai and Yushu.

Sponsoring The Community Chest Green Day

The purpose of the Community Chest Green Day organized by the Community Chest of Hong Kong was to encourage the public to travel by the green public transport means and reduce the carbon footprint in office. With our staff's continuous efforts in caring the community, we raised HK$6,520 for the Community Chest and received 73 sets of commemorative tickets. All money raised will be donated to 11 welfare agencies sponsored by the Community Chest of Hong Kong for providing Medical and Health Care Services without any deduction for expenses.

Supporting Chi Heng Foundation through Donation

3D-GOLD donated HK$ 500,000 to Chi Heng Foundation to support the education of AIDS orphans.

Supporting Charity Donation Box of Hong Kong Red Cross

In support of the development of community service and caring the community, the Group cooperates with Hong Kong Red Cross to place donation boxes in its 7 branches in Hong Kong to assist Hong Kong Red Cross to effectively plan and provide humanitarian aid in different aspects.

1. Give Blood, Give Love at Blood Donation Day
2. Qinghai Compassionate Team
3. Sponsoring The Community Chest Green Day
4. Supporting Chi Heng Foundation through Donation
5. Supporting Charity Donation Box of Hong Kong Red Cross

Profiles of Directors

EXECUTIVE DIRECTORS

Dr. Wong, Kennedy Ying Ho, *BBS, J.P.,* Chairman, aged 47, was appointed as an executive director on 30 September 2008. Dr. Wong is a solicitor, China Appointed Attesting Officer and a director of the China Law Society. He is the managing partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co., Solicitors & Notaries, a solicitors' firm headquartered in Hong Kong with offices in Beijing and Shanghai. Dr. Wong is also a director of China Overseas Land & Investment Limited (Stock Code: 688), Goldlion Holdings Limited (Stock Code: 533), Qin Jia Yuan Media Services Company Limited (Stock Code: 2366), Asia Cement (China) Holdings Corporation (Stock Code: 743), Neo-China Land Group (Holdings) Ltd. (Stock Code: 563), Pacific Alliance Asia Opportunity Fund Limited, Bohai Industrial Investment Fund Management Company Limited and Hong Kong Airlines Limited, all are listed companies or multi-national companies with substantial investments in the PRC or Asia.

Mr. Chui Chuen Shun, aged 55, was appointed as an executive director on 30 September 2008. He is an honorary associate of the Hong Kong Baptist University and has obtained a M.Sc. in Financial Studies from Scottish Business School, University of Strathclyde, U.K. Mr. Chui is also a fellow member of the Hong Kong Institute of Certified Public Accountants. He previously had worked for China Light and Power Group for more than 20 years in various management positions and his last position was an assignment to the China Shenzhen Daya Bay Nuclear Power Station as the Chief Auditor for the joint venture company. Mr. Chui has considerable working experience in corporate governance and risk management.

Dr. Hui Ho Ming, Herbert, *J.P.,* aged 51, was appointed as an executive director in August 2002. Dr. Hui has over 25 years experience in merchant banking, securities regulation as well as extensive commercial and corporate finance experience. He is Chairman of China Supply Company Ltd and Executive Vice Chairman of First Vanguard Private Equity Limited. Dr. Hui serves on the boards of a number of publicly listed companies as well as public bodies. He is currently the Vice Chairman of the Hong Kong Council for Academic Accreditation and Vocational Qualification; the Chairman of the Finance Committee of the APAS Research and Development Centre and a Court Member of the Hong Kong University of Science and Technology. He is the Immediate Past Chairman of the Hong Kong Institute of Directors, and from 1992 to 1997, he served as the Deputy Chief Executive and Head of the Listing Division of the Hong Kong Stock Exchange Ltd. He serves as Independent Non-Executive Director on the boards of Citic 21 CN Ltd (Stock Code: 241) and Dynasty Fine Wines Group Limited (Stock Code: 828), both are listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Mr. Mung Kin Keung, aged 48, was appointed as a non-executive director on 30 September 2008 and re-designated as an executive director on 31 October 2008. Mr. Mung has an honorary doctorary degree from Sinte Gleska University of California. Mr. Mung is a standing committee member of All-China Federation of Youth of the PRC. He is also the recipient of Outstanding Chinese of the World Award for 2007. Mr. Mung is a director of Jebsen Holdings Ltd. and Asia United Logistics Group Company Limited, a property developer in Hainan, PRC and a nationwide logistics business in the PRC respectively. Mr. Mung is also an executive director of Mastermind Capital Limited (Stock Code: 905), a company listed on the Stock Exchange.

Dr. Liu Wang Zhi, aged 49, was appointed as an executive director on 12 July 2010. Dr. Liu has played a leading role in the jewelry industry in the People's Republic of China (the "**PRC**") for over 20 years and has been appointed to key positions in many jewelry associations throughout the PRC, including as a member of China Jade and Jewelry Manufactory Association, a director of Guangdong Province Gold and Jewelry Business Association, the deputy chairman of the Guangdong Province Gold Association, the deputy chairman of Gold and Jewelry Decoration Industry Association of Shenzhen, the PRC, and the deputy chairman of Hou Jie Association of Commerce in Dongguan City. Dr. Liu is a director of Ming Feng Group Holdings Limited. Dr. Liu was awarded an honorary doctoral degree of philosophy in 2009 by the Queen's University of Brighton, the United States.

NON-EXECUTIVE DIRECTORS

Mr. Yin Richard Yingneng, aged 57, was appointed as a non-executive director on 30 September 2008. Mr. Yin is a fellow member of the Institute of Chartered Accountants of both England & Wales and Australia. Mr. Yin has over 10 years' experience in various regulatory organizations. He had held various senior positions in the Australian Securities Commission, the New South Wales Corporate Affairs Commission as well as the Securities and Futures Commission of Hong Kong where he held the position of Director of Intermediaries Supervision. Mr. Yin is currently an independent non-executive director of Goldlion Holdings Limited (Stock Code: 533), a company listed on the Stock Exchange.

Mr. Kung Ho, aged 33, was appointed as a non-executive director on 13 April 2010. Mr. Kung holds a Bachelor's degree in Computer Information System and a Master's degree in Software Engineering from the University of Scranton, Pennsylvania, the United States of America. He is a manager of Chinachem Group Management (Hong Kong) Limited ("**Chinachem Group**"), responsible for supervising all the properties in the Chinachem Group, marketing, sale and lease of the properties, and participating in Chinachem Group's investment projects in China. Prior joining the Chinachem Group, Mr. Kung worked at Volante System Inc. (Hong Kong) as a system analyst and AisaHub Inc. (Hong Kong) as a senior programmer, assisting The Education Bureau of Hong Kong in analysing its computer systems and The Hong Kong Housing Authority in developing and enhancing its computer systems, respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fan, Anthony Ren Da, aged 49, was appointed as an independent non-executive director on 30 September 2008. Mr. Fan is the Chairman and Managing Director of AsiaLink Capital Limited. His expertise lies in the field of general management, corporate finance, mergers and acquisitions, venture capital, company consolidation and restructuring. Prior to that, Mr. Fan held senior positions in a number of international financial institutions and was the managing director of a public company listed on the Stock Exchange. Mr. Fan received his Master of Business Administration degree from the United State of America and is now the PhD candidate in Shanghai Jiaotung University. Mr. Fan is an independent non-executive director of Renhe Commercial Holdings Company Ltd. (Stock Code: 1387), Uni-President China Holdings Ltd. (Stock Code: 220), Raymond Industrial Limited (Stock Code: 229), Chinney Alliance Group Limited (Stock Code: 385) and CITIC Resources Holdings Limited (Stock Code: 1205), all of the companies listed on the Stock Exchange.

Ms. Estella Yi Kum Ng, aged 52, was appointed as an independent non-executive director on 30 September 2008. Ms. Ng is the chief financial officer and qualified accountant of Country Garden Holdings Company Limited (Stock Code: 2007), a company listed on the Stock Exchange. From September 2005 to November 2007, she was an executive director of Hang Lung Properties Limited (Stock Code: 101), a company listed on the Stock Exchange. Prior to her joining to Hang Lung Properties Limited in 2003, she was employed by the Stock Exchange in a number of senior positions, most recently as Senior Vice President of the Listing Division. Prior to that, she gained valuable auditing experience with Deloitte Touche Tohmatsu. Ms. Ng is a qualified accountant and holds a Master of Business Administration degree from the Hong Kong University of Science and Technology. She is an Associate of The Institute of Chartered Accountants in England and Wales, The Institute of Chartered Secretaries and Administrators and a Fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. She has also contributed her time to various public service appointments including being a co-opted member of the Audit Committee of the Hospital Authority and corporate advisor to the Business School of Hong Kong University of Science and Technology.

Mr. Wong Kam Wing, aged 60, was appointed as an independent non-executive director on 30 September 2008. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants. He has worked for China Light and Power Group for more than 30 years. Mr. Wong has considerable professional experience in project development and financial management through his career development in the group. He had been assigned key positions in several joint venture companies including Dayabay, Huaiji and Shandong power projects.

Corporate Governance Report

The Company's code on corporate governance practices was adopted by reference to the provisions of the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for the following deviations from the CG Code:

CG Code A.2.1 stipulates that roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any office with the title "chief executive officer". The Board is of the view that currently vesting the roles of chairman and chief executive officer in Dr. Wong, Kennedy Ying Ho provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

CG Code A.4.1 stipulates that the non-executive directors should be appointed for a specific term and subject to re-election. The Company has not fixed the term of appointment for non-executive directors and independent non-executive directors. However, all non-executive directors and independent non-executive directors are subject to retirement by rotation at least once every three years and re-election at the annual general meeting of the Company pursuant to the Company's bye-laws. As such, the Board considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

The current corporate governance practices of the Company will be reviewed and updated in a timely manner to ensure compliance with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. All directors of the Company (the "**Directors**") have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the year.

BOARD COMPOSITION

The Board comprises the following Directors during the year and up to the date of this annual report. Brief profiles of the Directors are set out on pages 16 to 17 of this annual report.

Executive Directors

Dr. Wong, Kennedy Ying Ho
Mr. Chui Chuen Shun
Dr. Hui Ho Ming, Herbert
Mr. Mung Kin Keung
Dr. Liu Wang Zhi *(appointed on 12 July 2010)*

Non-executive Directors

Mr. Yin Richard Yingneng *(resigned after end of business on 19 July 2010)*
Mr. Kung Ho *(appointed on 13 April 2010)*

Independent Non-executive Directors

Mr. Fan, Anthony Ren Da
Ms. Estella Yi Kum Ng
Mr. Wong Kam Wing

BOARD COMPOSITION (Continued)

The Board is responsible for the leadership and control of the Company, and directing and supervising the Group's affairs.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules and the Company continues to consider the three Independent Non-executive Directors to be independent.

During the year, 13 board meetings were held and the attendance of each director is set out below:

Executive Directors	**Attendance**
Dr. Wong, Kennedy Ying Ho	12/13
Mr. Chui Chuen Shun	12/13
Dr. Hui Ho Ming, Herbert	13/13
Mr. Mung Kin Keung	5/13
Dr. Liu Wang Zhi	Not Applicable

Non-executive Directors	**Attendance**
Mr. Yin Richard Yingneng	10/13
Mr. Kung Ho	Not Applicable

Independent Non-executive Directors	**Attendance**
Mr. Fan, Anthony Ren Da	10/13
Ms. Estella Yi Kum Ng	11/13
Mr. Wong Kam Wing	11/13

Board minutes are kept by the company secretary. Each board member is entitled to have access to board papers and enable, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Other than Dr. Liu Wang Zhi who has entered into a service contract with the Company for a fixed term of five years from 12 July 2010, the Directors were not appointed for specific terms but subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the bye-laws of the Company.

According to the Company's bye-laws, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office until the next annual general meeting of the Company and shall then be eligible for re-election. Furthermore, 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 one-third) shall retire from office by rotation.

REMUNERATION COMMITTEE

During the year, the remuneration committee of the Company (the "**Remuneration Committee**") comprises two executive directors, namely, Dr. Wong, Kennedy Ying Ho and Mr. Chui Chuen Shun, and three independent non-executive directors, namely, Mr. Fan, Anthony Ren Da, Ms Estella Yi Kum Ng and Mr. Wong Kam Wing. Mr. Fan, Anthony Ren Da is the chairman of the Remuneration Committee.

REMUNERATION COMMITTEE (Continued)

The major roles and functions of the Remuneration Committee are summarised below:

1. To make recommendations with respect to the remuneration of the Directors and senior management of the Company; and

2. To review the remuneration package and recommend salaries, bonuses, including the incentive awards for Directors and senior management.

During the year, 2 Remuneration Committee meetings were held and the attendance of each member is set out below:

Remuneration Committee	Attendance
Mr. Fan, Anthony Ren Da	2/2
Dr. Wong, Kennedy Ying Ho	2/2
Mr. Chui Chuen Shun	2/2
Ms. Estella Yi Kum Ng	2/2
Mr. Wong Kam Wing	2/2

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") comprises an executive director, Dr. Wong, Kennedy Ying Ho, a non-executive director, Mr. Yin Richard Yingneng, and three independent non-executive directors, namely, Mr. Fan, Anthony Ren Da, Ms Estella Yi Kum Ng and Mr. Wong Kam Wing. Mr. Yin Richard Yingneng is the chairman of the Nomination Committee.

The major roles and functions of the Nomination Committee are summarised below:

1. To review the structure, size and composition of the Board on a regular basis;

2. To make recommendations to the Board regarding any proposed change and to identify individual suitably qualified to become the Board members; and

3. To assess the independence of independent non-executive directors and to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession plan for Directors.

During the year, a Nomination Committee meeting was held through electronic means and all members participated in the meeting.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for the preparation of the financial statements that give a true and fair view of the Group's financial position and are in accordance with applicable accounting standards and statutory rules and guidelines. The financial statements are prepared on a going concern basis.

The Board is responsible for maintaining sound and effective internal control systems for safeguarding the Group's assets and shareholders' interests, as well as for reviewing the effectiveness of such systems. Such systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to minimise risks of failure in the Group's operational system which is designed to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. The Directors reviewed the effectiveness of the system of internal control of the Group.

AUDIT COMMITTEE

During the year, the audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive directors, namely, Ms Estella Yi Kum Ng, Mr. Fan, Anthony Ren Da and Mr. Wong Kam Wing. Ms Estella Yi Kum Ng is the chairman of the Audit Committee.

The Audit Committee is established for the purposes of reviewing the Group's financial reporting, internal controls and making relevant recommendations to the Board. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The Audit Committee had reviewed with the external auditors the financial statements of the Group for the year ended 31 March 2010.

During the year, two Audit Committee meetings were held and the attendance of each member is set out below:

Audit Committee	Attendance
Ms. Estella Yi Kum Ng	2/2
Mr. Fan, Anthony Ren Da	2/2
Mr. Wong Kam Wing	2/2

AUDITORS' REMUNERATION

Ray W.H. Chan & Co. resigned as the auditors of the Company with effect from 2 February 2010, and Deloitte Touche Tohmatsu was appointed as the auditors of the Company with effect from 22 February 2010 to fill the casual vacancy following the resignation of Ray W.H. Chan & Co. The Board was informed by Ray W.H. Chan & Co. that their resignation was made after careful consideration of the tight reporting timetable and the expansion of the operating scale of the Group.

During the year, the remuneration paid to the Company's auditors is set out below:

Auditors	Services rendered	Fees paid/payable HK$'000
Deloitte Touche Tohmatsu	Audit services	1,600
Deloitte Touche Tohmatsu	Non-audit services	1,098
Ray W.H. Chan & Co.	Audit services	74
Ray W.H. Chan & Co.	Non-audit services	236

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with the Company's shareholders and encourages shareholders to participate shareholders' meeting, in which members of the Board and Committees are available to answer questions raised by shareholders.

In each general meeting held during the year, the Board had ensured that procedures for conducting a poll explained at the commencement of general meeting and Tricor Tengis Limited, the Company's Hong Kong Branch Share Registrar, acted as scrutineer in each occasion for all vote cast at the general meeting.

Directors' Report

The Directors of the Company present their annual report and audited consolidated financial statements of the Company and of the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 38 to the consolidated financial statements.

RESULTS, DIVIDEND AND OTHER DISTRIBUTION

The results of the Group for the year ended 31 March 2010 are set out in the consolidated statement of comprehensive income on page 31.

An interim dividend of HK0.70 cents per share was paid to both the holders of ordinary shares and preference shares of the Company during the year.

The Board recommends the payment of a final dividend of HK0.35 cents (2009: Nil) per share for the year to both the holders of ordinary shares and preference shares of the Company resulting in a total dividend payment of HK$6.9 million, and is subject to approval by the shareholders in annual general meeting.

The dividend shall be payable on or about 14 September 2010 to holders of ordinary shares ("ordinary shares") and holders of preference shares ("preference shares") whose names appear on the Company's register of members on 31 August 2010.

For the ordinary shares, the register of members will be closed from 25 August 2010 to 31 August 2010, both days inclusive, during which period no transfer of ordinary shares will be registered. To qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not be later than 4:00 p.m. on 24 August 2010.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 25 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders of approximately HK$70,018,000 at 31 March 2010 comprised contributed surplus of approximately HK$66,162,000 and accumulated profits of approximately HK$3,856,000.

DIRECTORS

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

Executive Directors

Dr. Wong, Kennedy Ying Ho
Mr. Chui Chuen Shun
Dr. Hui Ho Ming, Herbert
Mr. Mung Kin Keung
Dr. Liu Wang Zhi *(appointed on 12 July 2010)*

Non-executive Directors

Mr. Yin Richard Yingneng *(resigned after end of business on 19 July 2010)*
Mr. Kung Ho *(appointed on 13 April 2010)*

Independent Non-executive Directors

Mr. Fan, Anthony Ren Da
Ms. Estella Yi Kum Ng
Mr. Wong Kam Wing

In accordance with the Company's bye-laws, Dr. Wong, Kennedy Ying Ho, Mr. Mung Kin Keung, Ms. Estella Yi Kum Ng, Mr. Kung Ho and Dr. Liu Wang Zhi shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Dr. Liu Wang Zhi has entered into a service contract with the Company for a fixed term of five years from 12 July 2010.

Other than as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2010, the interests and short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "**SFO**"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(a) Long positions in shares

Name of director	Number of ordinary shares — Personal interests	Corporate interests	Total	% of total issued shares
Executive Directors				
Dr. Wong, Kennedy Ying Ho	4,517,900	563,165,240 (Note a)	567,683,140	36.00%
Mr. Chui Chuen Shun	1,085,900	–	1,085,900	0.07%
Dr. Hui Ho Ming, Herbert	18,967,900	–	18,967,900	1.20%
Mr. Mung Kin Keung	4,517,000	–	4,517,000	0.29%
Non-executive Director				
Mr. Yin Richard Yingneng	–	94,900,200 (Note b)	94,900,200	6.02%
Independent Non-executive Directors				
Mr. Fan, Anthony Ren Da	–	–	–	–
Ms. Estella Yi Kum Ng	–	–	–	–
Mr. Wong Kam Wing	3,790	–	3,790	0.00%

Notes:

(a) Of the 563,165,240 shares, 538,865,240 shares are held by Perfect Ace Investments Limited ("**Perfect Ace**") and 24,300,000 shares are held by Limin Corporation. Perfect Ace is wholly-owned by Ying Ho (Nominees) Limited ("**YH Nominees**"). YH Nominees holds 100% in trust for Limin Corporation which is wholly-owned by Dr. Wong, Kennedy Ying Ho ("**Dr. Wong**").

(b) The shares are held by Capital Ocean Investments Limited which is wholly-owned by First Vanguard Private Equity Segregated Portfolio. First Vanguard Private Equity Segregated Portfolio is a segregated fund established under First Vanguard Opportunity Fund SPC. First Vanguard AAA Management Limited owns 100% of the voting management share of First Vanguard Opportunity Fund SPC and is wholly-owned by First Vanguard Group Limited, which is wholly-owned by Mr. Yin Richard Yingneng ("**Mr. Yin**").

(b) Long positions in underlying shares of equity derivatives of the Company

Name of director	Capacity	Number of issued shares interested	% of shareholding
Executive Directors			
Dr. Wong, Kennedy Ying Ho	Controlled corporation (Note a)	148,271,374	9.40%
	Beneficial owner (Note b)	1,000,000	0.06%
Mr. Chui Chuen Shun	Beneficial owner (Note b)	1,000,000	0.06%
Dr. Hui Ho Ming, Herbert	Beneficial owner (Note b)	1,000,000	0.06%
Mr. Mung Kin Keung	Beneficial owner (Note b)	1,000,000	0.06%
Non-executive Director			
Mr. Yin Richard Yingneng	Beneficial owner (Note b)	500,000	0.03%
Independent Non-executive Directors			
Mr. Fan, Anthony Ren Da	Beneficial owner (Note b)	551,970	0.03%
Ms. Estella Yi Kum Ng	Beneficial owner (Note b)	551,970	0.03%
Mr. Wong Kam Wing	Beneficial owner (Note b)	100,000	0.01%

Notes:

(a) These derivatives are convertible preference shares of the Company. Dr. Wong was deemed to be interested in 148,271,374 convertible preference shares through his controlling interests in Perfect Ace and Limin Corporation. Of the 148,271,374 convertible preference shares, 90,671,374 and 57,600,000 convertible preference shares are owned by Perfect Ace and Limin Corporation, respectively. Each preference shares is convertible to one ordinary share of the Company at any time from a date not earlier than one year from 3 October 2008.

(b) All interests above are in the form of share options of the Company.

Saved as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares or debentures of the Company or any of its associated corporation at 31 March 2010.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 26 to the consolidated financial statements.

The closing price of the Company's shares immediately before 20 July 2010, the date of grant of the options, was HK$1.50.

The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised was HK$1.32.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than option holdings disclosed above, at no time during the year was the Company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements 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.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

(a) Long positions in shares and underlying shares of the Company

Name of substantial shareholder	Capacity	Number of issued ordinary shares held	% of issued ordinary shares held
Perfect Ace Investments Limited	Beneficial owner (Note a)	538,865,240	34.17%
Limin Corporation	Beneficial owner (Note a)	24,300,000	1.54%
Capital Ocean Investments Limited	Beneficial owner (Note b)	94,900,200	6.02%
Savona Limited	Beneficial owner (Note c)	100,000,000	6.34%

Notes:

(a) Please refer to the corporate interests of Dr. Wong in the Company as disclosed under "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" section above.

(b) Please refer to the corporate interests of Mr. Yin in the Company as disclosed under "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" section above.

(c) Savona Limited is wholly-owned by Chime Corporation Limited, which is owned as to 84.37% by Nina Kung (Estate of Nina Kung also known as Nina T.H. Wang).

(b) Long positions in underlying shares of equity derivatives of the Company

Name of substantial shareholder	Capacity	Number of shares interested	% of shareholding
Perfect Ace Investments Limited	Beneficial owner (Notes a & b)	90,671,374	5.75%
Limin Corporation	Beneficial owner (Notes a & b)	57,600,000	3.65%

Notes:

(a) Each preference shares is convertible to one ordinary share of the Company at any time from a date not earlier than one year from 3 October 2008.

(b) Please refer to the convertible preference shares in the Company held by Dr. Wong as disclosed under the "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" section above.

Saved as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company at 31 March 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, its fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

CONNECTED TRANSACTION

The Group had the following significant transactions with connected persons:

(a) On 3 April 2009, the Company entered into a legal service agreement ("First Master Service Agreement") with Philip K.H. Wong, Kennedy Y.H. Wong & Co. ("PWKW"), whereby PWKW shall provide company secretariat and legal services to the Group during the period from 6 April 2009 to 31 March 2012. During the year, the Company paid approximately HK$3,083,000 to PWKW pursuant to the First Master Service Agreement. PWKW is a law firm of which Dr. Wong is one of the founders and the managing partner.

(b) On 3 April 2009, the Company entered into a legal service agreement ("Second Master Service Agreement") with Angela Ho & Associates ("AHA"), whereby AHA shall provide legal services to the Group during the period from 6 April 2009 to 31 March 2012. During the year, the Company paid approximately HK$348,000 to AHA pursuant to the Second Master Service Agreement. AHA is a law firm, of which Ms. Angela Man-Kay Ho, the spouse of Dr. Hui Ho Ming, Herbert, an executive director, is the founder and principal and Dr. Hui Ho Ming, Herbert is the chief administration officer of AHA.

The above transactions are regarded as connected transactions pursuant to Chapter 14A of the Listing Rules. Details of the above are set out in the announcement of the Company dated 3 April 2009.

Pursuant to Rule 14A.38 of the Listing Rules, the board of directors engaged auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the board of directors. The independent non-executive directors have reviewed the continuing connected transactions and the report of the auditor and have confirmed that the transactions have been entered into by the Group in the ordinary course of its business, on normal commercial terms and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

EMOLUMENT POLICY

The emolument policies of the employees and Directors of the Group are set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The Company has adopted a share option scheme for the purpose of providing incentive to eligible persons for their contribution or potential contribution to the Group. Details of the scheme are set out in note 26 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float throughout the year ended 31 March 2010.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK$1,400,000.

MAJOR CUSTOMERS AND SUPPLIERS

For the year, 71% of the total purchases were the gold purchased from Shanghai Gold Exchange and the five largest suppliers of the Group accounted for 84% of the Group's purchases.

Aggregate sales attributable to the Group's five largest customers were less than 30% of the total turnover.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

EVENTS AFTER THE REPORTING DATE

Details of the significant event occurring after the reporting date are set out in note 36 to the consolidated financial statements.

EXPOSURE TO BORROWERS AND OTHER SPECIFIC CIRCUMSTANCES THAT REQUIRE DISCLOSURE

The Company has entered into a loan agreement which requires Dr. Wong, the controlling shareholder of the Company, to retain his control over the Company throughout the term of the loan. Details of which are set out in note 23 to the consolidated financial statements.

AUDITOR

During the year, Messrs. Ray W.H. Chan & Co., who acted as auditor of the Company for the past three years, resigned and Messrs. Deloitte Touche Tohmatsu was appointed as auditor of the Company.

A resolution will be submitted to the annual general meeting to re-appoint the auditor, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

Dr. Wong, Kennedy Ying Ho, BBS, J.P.
Chairman

Hong Kong, 19 July 2010

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF HONG KONG RESOURCES HOLDINGS COMPANY LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Hong Kong Resources Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 78, which comprises the consolidated statement of financial position as at 31 March 2010, 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 notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the limitation in the scope of our work as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements 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 consolidated financial statements.

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

Basis for qualified opinion

The predecessor auditor qualified their opinion on the consolidated financial statements in respect of the year ended 31 March 2009, as set out below, due to limitations in the scope of their audit:

1. As more fully explained in note 29 to the consolidated financial statements, the directors have been unable to obtain sufficient documentary evidence to satisfy themselves as to whether the loss on debt restructuring of approximately HK$34,905,000 included in the profit of the Group for the year ended 31 March 2009 was fairly stated.

2. The directors were unable to satisfy themselves as to the completeness of recording of transactions entered into by the Group and of the completeness of disclosure of turnover, other income, finance costs, directors' and senior executives' remuneration, taxation, inventories, trade and other receivables, trade and other payables, short-term bank borrowings, short-term notes, share options, commitments and contingent liabilities for the period from 1 April 2008 to 29 September 2008 in the consolidated financial statements. Furthermore, the directors were unable to determine the completeness of related party transactions, employee benefits and emoluments, taxation and deferred taxation incurred for the period from 1 April 2008 to 29 September 2008 were complete.

3. Certain subsidiaries were disposed of according to the debt restructuring scheme carried out by the Company during the year ended 31 March 2009. The directors were unable to obtain sufficient information to include the results of these subsidiaries up to the date of their disposals in the consolidated financial statements. Accordingly, the directors were unable to satisfy themselves as to whether the gain on disposal of subsidiaries of approximately HK$344,714,000 included in the profit of the Group for the year ended 31 March 2009 was fairly stated.

4. The predecessor auditor also disclaimed their opinion on the consolidated financial statements in respect of the year ended 31 March 2008 in view of the pervasive nature of the limitations on the scope of their audit resulting from insufficiency of supporting documentation and explanations. Any adjustments found to be necessary to the opening balances as at 1 April 2008 may affect the profit and cash flows and the related disclosures in the notes to the consolidated financial statements for the year ended 31 March 2009.

There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the matters set out in the above paragraphs. Any adjustments to the above figures may affect the Group's profit, and cash flows and the related disclosures in the notes to the consolidated financial statements for the year ended 31 March 2009.

Qualified opinion arising from limitation of audit scope on comparative figures

In our opinion, except for the effects of any adjustments or disclosures that might have been determined to be necessary had we been able to obtain sufficient evidence concerning the comparative figures affecting the Group's profit, cash flows and the related disclosures in the notes to the consolidated financial statements mentioned in the basis for qualified opinion paragraphs above, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
19 July 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Turnover	6	**1,290,110**	95,138
Cost of sales		**(942,125)**	(94,479)
Gross profit		**347,985**	659
Other income		**3,682**	1,138
Selling expenses		**(196,211)**	–
General and administrative expenses		**(83,670)**	(11,885)
Discount on acquisition of business	27	**200,865**	–
Equity-settled share-based payments	26(b)	**(4,199)**	(9,295)
Gain on disposal of subsidiaries	28	**–**	344,714
Loss on debt restructuring	29	**–**	(34,905)
Restructuring costs		**–**	(12,145)
Other operating expenses		**(15,561)**	(2,633)
Finance costs	7	**(8,104)**	(402)
Profit before taxation	8	**244,787**	275,246
Taxation	10	**(21,247)**	(13)
Profit for the year and total comprehensive income for the year		**223,540**	275,233
Profit for the year and total comprehensive income attributable to:			
Owners of the Company		**123,399**	275,664
Non-controlling interests		**100,141**	(431)
		223,540	275,233
			(Restated)
Earnings per ordinary share	12		
Basic		**HK$0.13**	HK$1.04
			(Restated)
Diluted		**HK$0.07**	HK$0.34

Consolidated Statement of Financial Position

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**41,811**	438
Deposit for acquisition of property, plant and equipment		**10,349**	–
Deposit for acquisition of business	15	**–**	101,686
Intangible assets	16	**168,066**	–
		220,226	102,124
Current assets			
Inventories	18	**734,755**	1,147
Trade and other receivables and deposits paid	19	**127,850**	280
Bank balances and cash	20	**156,260**	115,803
		1,018,865	117,230
Current liabilities			
Trade and other payables, accruals and deposits received	21	**207,765**	3,566
Amounts due to non-controlling shareholders of a subsidiary	22	**48,183**	–
Bank and other borrowings	23	**217,955**	–
Tax liabilities		**19,770**	30
		493,673	3,596
Net current assets		**525,192**	113,634
Total assets less current liabilities		**745,418**	215,758
Non-current liability			
Deferred tax liabilities	24	**42,976**	–
NET ASSETS		**702,442**	215,758
CAPITAL AND RESERVES			
Share capital	25	**17,274**	16,014
Reserves		**452,158**	166,842
Equity attributable to owners of the Company		**469,432**	182,856
Non-controlling interests		**233,010**	32,902
TOTAL EQUITY		**702,442**	215,758

The consolidated financial statements on pages 31 to 78 were approved and authorised for issue by the Board of Directors on 19 July 2010 and are signed on its behalf by:

Dr. Wong, Kennedy Ying Ho
DIRECTOR

Dr. Hui Ho Ming, Herbert
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Attributable to owners of the Company										
	Ordinary share capital HK$'000	Preference share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Special reserve HK$'000	PRC statutory reserve HK$'000 (Note a)	(Accumulated losses) retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2008	49,790	–	35,889	–	1,200	33,706	–	(480,548)	(359,963)	–	(359,963)
Profit for the year and total comprehensive income for the year	–	–	–	–	–	–	–	275,664	275,664	(431)	275,233
Lapse of share options	–	–	–	–	(1,200)	–	–	1,200	–	–	–
Capital reduction	(49,292)	–	–	–	–	–	–	49,292	–	–	–
Reduction in share premium and special reserve accounts	–	–	(35,889)	–	–	(33,706)	–	69,595	–	–	–
Issue of ordinary shares, net of transaction costs	4,655	–	95,765	–	–	–	–	–	100,420	–	100,420
Issue of preference shares, net of transaction costs	–	10,710	139,230	–	–	–	–	–	149,940	–	149,940
Equity-settled share-based payments and exercise of share options	151	–	13,729	–	2,915	–	–	–	16,795	–	16,795
Contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	33,333	33,333
At 31 March 2009	5,304	10,710	248,724	–	2,915	–	–	(84,797)	182,856	32,902	215,758
Profit for the year and total comprehensive income for the year	–	–	–	–	–	–	–	123,399	123,399	100,141	223,540
Issue of ordinary shares, net of transaction costs	1,200	–	173,338	–	–	–	–	–	174,538	–	174,538
Equity-settled share-based payments and exercise of share options	60	–	1,987	–	5,127	–	–	–	7,174	–	7,174
Conversion of preference shares	9,206	(9,206)	–	–	–	–	–	–	–	–	–
Transfer between reserves	–	–	–	–	–	–	2,051	(2,051)	–	–	–
Capital reduction (Note b)	–	–	(200,000)	84,697	–	–	–	115,303	–	–	–
Dividends (Note 11)	–	–	–	(18,535)	–	–	–	–	(18,535)	–	(18,535)
Contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	99,967	99,967
At 31 March 2010	15,770	1,504	224,049	66,162	8,042	–	2,051	151,854	469,432	233,010	702,442

Notes:

a. The People's Republic of China (the "PRC") statutory reserve of the Group represents general and development fund reserve applicable to the PRC subsidiary which was established in accordance with the relevant regulations.

b. Pursuant to a special resolution passed at a special general meeting held on 3 February 2010, the credit balance in the share premium account of approximately HK$200 million was transferred to contributed surplus and accumulated losses. Details of this transaction are set out in the Company's circular dated 7 January 2010.

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Operating activities			
Profit before taxation		**244,787**	275,246
Adjustments for:			
Finance costs		**8,104**	402
Interest income		**(415)**	(1,138)
Depreciation of property, plant and equipment		**5,603**	317
Amortisation for prepaid lease payments		**–**	6
Loss on disposal of property, plant and equipment		**6,889**	9
Gain on disposal of subsidiaries		**–**	(344,714)
Loss on debt restructuring		**–**	34,905
Restructuring costs		**–**	12,145
Equity-settled share-based payments		**4,199**	9,295
Discount on acquisition of business		**(200,865)**	–
Operating cash flows before movements in working capital		**68,302**	(13,527)
Increase in inventories		**(66,532)**	(1,147)
(Increase) decrease in trade and other receivables and deposits paid		**(44,536)**	5,678
Increase in trade and other payables, accruals and deposits received		**91**	3,104
Cash used in operations		**(42,675)**	(5,892)
Income taxes paid		**(4,841)**	–
Net cash used in operating activities		**(47,516)**	(5,892)
Investing activities			
Acquisition of business	27	**(397,598)**	–
Purchase of property, plant and equipment		**(22,107)**	(462)
Proceeds from disposal of property, plant and equipment		**633**	–
Interest received		**415**	1,138
Deposit paid for acquisition of property, plant and equipment		**(10,349)**	–
Deposit paid for acquisition of business		**–**	(101,686)
Cash transferred to the scheme on disposal of subsidiaries	28	**–**	(72,474)
Net cash used in investing activities		**(429,006)**	(173,484)
Financing activities			
Proceeds from issue of ordinary shares		**182,400**	100,530
Expenses on issue of ordinary shares		**(7,862)**	(110)
Contribution from non-controlling shareholders of a subsidiary		**99,967**	33,333
Advance from non-controlling shareholders of a subsidiary		**48,183**	–
Proceeds from issue of shares upon exercise of share options		**2,975**	7,499
New bank and other borrowings		**366,364**	–
Repayment of bank and other borrowings		**(148,409)**	(5,399)
Interim dividends paid		**(18,535)**	–
Interest paid		**(8,104)**	(1)
Proceeds from issue of preference shares		**–**	149,940
Payments for restructuring costs		**–**	(13,700)
Payments to the scheme		**–**	(50,000)
Net cash from financing activities		**516,979**	222,092
Net increase in cash and cash equivalents		**40,457**	42,716
Cash and cash equivalents at beginning of the year		**115,803**	73,087
Cash and cash equivalents at end of the year, represented by bank balances and cash		**156,260**	115,803

Notes to the Consolidated Financial Statements

For the year ended 31 March 2010

1. GENERAL

The Company is as an exempted company with limited liability incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of the principal place of business of the Company is Room 1402-03, 14th Floor, Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 38.

The functional currency of the Company was originally Hong Kong dollars ("HK$"). On 28 July 2009, a subsidiary of their Company acquired the Restructure Group, as defined in note 2, the major operating entities of which have Renminbi ("RMB") as their functional currency. The Directors of the Company are of the opinion that after the acquisition of the Restructure Group, the primary economic environment in which the Company operates is the PRC, taking into consideration that the Company's principal activity was holding of investments in subsidiaries. The Directors of the Company have therefore determined that the functional currency of the Company was changed to RMB after the acquisition of the Restructure Group.

The consolidated financial statements are presented in HK$, that is different from the functional currency of the Company which is RMB. The Directors of the Company consider that HK$ is the appropriate presentation currency since the shares of the Company are listed on the Stock Exchange.

The Company together with its subsidiaries are collectively referred to as the "Group". All values are rounded to the nearest thousand except when otherwise indicated.

2. SIGNIFICANT EVENTS

On 23 December 2008, China Gold Silver Group Company Limited ("China Gold Silver"), a direct non-wholly owned subsidiary of the Company, entered into a conditional restructuring agreement (the "Agreement") with 3D-GOLD Jewellery Holdings Limited (Provisional Liquidators Appointed) (Subject to Scheme of Arrangement) ("3D-GOLD (PLA)"), a listed entity now suspended from trading in the Stock Exchange and its provisional liquidators, for the acquisition of the 100% equity interest in the restructured group of 3D-GOLD (PLA) and its subsidiaries and its business ("Restructured Group" as defined in the Company's circular dated 12 June 2009) at a cash consideration as detailed in note 27.

The Restructured Group is principally engaged in the retail and franchising operations for selling gold and jewellery products in Hong Kong, Macau and other regions ("Mainland China") in the PRC under the trade name of "3D-GOLD".

On 27 February 2009, the Company and Mr. Liu Wang Zhi ("Mr. Liu"), a director of China Gold Silver, subscribed for 1,999 and 1,000 new shares in China Gold Silver, for an aggregate consideration of HK$200,000,000 and HK$100,000,000 respectively, resulting in the Company and Mr. Liu holding 66.67% and 33.33% respectively of the issued share capital in China Gold Silver.

On 5 May 2009, China Gold Silver and Ace Captain Investments Limited ("Ace Captain"), a company wholly-owned by Mr. Martin Lee Ka Shing, an associate of Mr. Chui Chuen Shun who is a director of the Company, entered into a subscription agreement whereby Ace Captain conditionally agreed to subscribe for 333 new shares in China Gold Silver at an aggregate consideration of HK$33,300,000 (the "Subscription"). Upon the completion of the Subscription on 4 June 2009, Ace Captain owns a 10% interest in China Gold Silver while the Company and Mr. Liu own 60% and 30% interest in China Gold Silver, respectively, reducing the Company's equity interest in China Gold Silver from 66.67% to 60%, which has no significant financial impact.

2. SIGNIFICANT EVENTS-continued

The Agreement and the transaction contemplated thereunder was approved by the shareholders of the Company at a special general meeting held on 29 June 2009, details of which are set out in the Company's circular dated 12 June 2009. The acquisition of the Restructured Group (the "3D-GOLD Acquisition") was completed on 28 July 2009.

The assets and liabilities of the Restructured Group acquired by the Group, which did not include 3D-GOLD (PLA), upon the completion of the 3D-GOLD Acquisition are set out in note 27.

Subsequent to 31 March 2010, the Company has acquired the remaining 40% equity interest in China Gold Silver, details of which are set out in note 36(a).

In addition, on 28 July 2009, China Gold Silver, 3D-GOLD (PLA) and its provisional liquidators entered into a conditional agreement (the "Exclusivity Agreement"). Pursuant to the terms of the Exclusivity Agreement, if certain conditions as set out in the Exclusivity Agreement were met, China Gold Silver would have the right, for a period of ninety days from and inclusive of 28 July 2009, or up to the date when the Resumption Proposal (as defined in the Exclusivity Agreement) is rejected by the Stock Exchange (in the manner as described in the Exclusivity Agreement) if that is earlier, to acquire a controlling shareholding interest in 3D-GOLD (PLA) (the "Proposed Acquisition"). Details of the arrangement is set out in the Company's announcement dated 29 July 2009.

Pursuant to announcements made by 3D-GOLD (PLA) dated 20 May 2010, 3D-GOLD (PLA) submitted a resumption proposal to the Stock Exchange on 23 October 2009; and on 11 May 2010, the Stock Exchange informed 3D-GOLD (PLA) that it is required to submit a revised resumption proposal to the Stock Exchange at least 10 business days before 10 November 2010.

The Proposed Acquisition has not been completed up to the date of this report, and the Company and 3D-GOLD (PLA) are still in the process of negotiating the terms for the Proposed Acquisition.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied a number of new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRS affecting presentation and disclosure only

HKAS 1 (Revised 2007) *Presentation of Financial Statements*

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")-continued

New and revised HKFRS affecting presentation and disclosure only-continued

HKAS 1 (Revised 2007) *Presentation of Financial Statements-continued*

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
4 Effective for annual periods beginning on or after 1 January 2010
5 Effective for annual periods beginning on or after 1 February 2010
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2011
8 Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) *Business Combinations* may affect the Group's accounting for business combinations for which the acquisition date is on or after 1 April 2010. HKFRS 27 (Revised) *Consolidated and Separate Financial Statements* will affect the accounting treatment on changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The Directors of the Company anticipate that the application of other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

Sales of goods that result in award credits for customers are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods sold and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value-the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction-but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Franchise income in respect of the use of the trademark "3D-GOLD" is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at costs less any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Impairment on tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the counterparties render services, unless the services qualify for recognition as assets.

Retirement benefit costs

Payments to defined contribution retirement benefit plan, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Taxation-continued

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Financial instruments-continued

Financial assets-continued

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Financial instruments-continued

Financial assets-continued

Impairment of financial assets-continued

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to non-controlling shareholders of a subsidiary, and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Financial instruments-continued

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Judgement made in estimating acquisition consideration

In connection with the 3D-GOLD Acquisition, the Group paid, up to 31 March 2010, an aggregate sum of approximately HK$538.1 million as total consideration for the acquisition. This amount is subject to adjustments, if any, regarding the finalisation of the purchase price of certain inventories. Currently, the Group is in discussion with the provisional liquidators of 3D-GOLD (PLA) to finalise this amount. A discount on acquisition of business of HK$200.9 million has been recognised in the consolidated statement of comprehensive income for the year ended 31 March 2010 based on the total consideration of HK$538.1 million. If the final agreed consideration to be paid is more than the current sum, the discount on acquisition of business currently recognised will decrease accordingly.

Estimated impairment of intangible assets

Determining whether intangible assets (i.e. the trademarks) are impaired requires an estimation of the value in use of the trademarks. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the trademarks and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2010, the carrying amount of the Group's intangible assets is HK$168.1 million (2009: Nil).

Estimated impairment of inventories

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 condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to changes to adversed economic conditions. As at 31 March 2010, the carrying amount of the Group's inventories is HK$734.8 million (2009: HK$1.1 million).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY-continued

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment 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). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2010, the carrying amount of the Group's trade receivables is HK$96.1 million (2009: Nil).

6. TURNOVER AND SEGMENT INFORMATION

(a) Turnover

An analysis of the Group's turnover for the year is as follows:

	2010 HK$'000	2009 HK$'000
Sales of goods	**1,283,843**	95,138
Franchise income	**6,267**	–
	1,290,110	95,138

(b) Segment information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers that are the Directors of the Company, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group was only engaged in the trading of gold salt, precious metals and electroplating chemicals in Hong Kong and accordingly, no segmental information is presented. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

On the completion of the 3D-GOLD Acquisition as detailed in note 2, the Group's reportable segments under HKFRS 8 have increased and the Group's operating segments are as follows:

a. Retail and franchising operations for selling gold and jewellery products in Mainland China;

b. Retail operations for selling gold and jewellery products in Hong Kong and Macau; and

c. Trading of gold salt, precious metal and electroplating chemicals in Hong Kong.

6. TURNOVER AND SEGMENT INFORMATION-continued

(b) Segment information-continued

Major products of the Group include gold products, jewellery products and other precious metal products.

The Group was only engaged in the trading of gold salt, precious metal and electroplating chemicals in Hong Kong for the year ended 31 March 2009, and accordingly no segmental information is presented.

Information regarding the above segments is reported below.

Segment revenues and results

For the year ended 31 March 2010

	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong & Macau HK$'000	Trading of gold salt, precious metal and electroplating chemicals in Hong Kong HK$'000	Consolidated HK$'000
REVENUE				
External sales	1,118,360	147,728	24,022	1,290,110
RESULT				
Segment results	111,639	3,924	397	115,960
Other income				3,682
Unallocated staff related expenses				(31,465)
Other unallocated corporate expenses				(31,952)
Discount on acquisition of business				200,865
Equity-settled share-based payments				(4,199)
Finance costs				(8,104)
Profit before taxation				244,787
Taxation				(21,247)
Profit for the year				223,540

6. TURNOVER AND SEGMENT INFORMATION-continued

(b) Segment information-continued

Segment profit represents the profit earned by each segment without allocation of central administration costs, marketing and promotion expenses, directors' salaries, finance costs and taxation. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

As at 31 March 2010

	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong & Macau HK$'000	Trading of gold salt, precious metal and electroplating chemicals in Hong Kong HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	745,610	148,539	8,156	902,305
Intangible assets				168,066
Bank balances and cash				156,260
Other corporate assets				12,460
Consolidated assets				1,239,091
LIABILITIES				
Segment liabilities	179,032	22,726	30	201,788
Amounts due to non-controlling shareholders of a subsidiary				48,183
Bank and other borrowings				217,955
Tax liabilities				19,770
Deferred tax liabilities				42,976
Other corporate liabilities				5,977
Consolidated liabilities				536,649

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than intangible assets, bank balances and cash and other corporate assets; and
- all liabilities are allocated to reportable segments other than amounts due to non-controlling shareholders of a subsidiary, bank and other borrowings, tax liabilities, deferred tax liabilities and other corporate liabilities.

6. TURNOVER AND SEGMENT INFORMATION-continued

(b) Segment information-continued

Other entity-wide segment information

For the year ended 31 March 2010

	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong & Macau HK$'000	Trading of gold salt, precious metal and electroplating chemicals in Hong Kong HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Capital additions	44,378	7,357	–	2,763	54,498
Depreciation	4,268	818	3	514	5,603

Geographical information

The information about the non-current assets and revenue from external customers of the Group by excluding financial instruments by geographical location of the assets are detailed below:

For the year ended 31 March 2010

	Non-current assets HK$'000	Revenue from external customers HK$'000
Mainland China	43,499	1,118,360
Hong Kong & Macau	8,661	171,750
	52,160	1,290,110

7. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interests on:		
Bank borrowings wholly repayable within 5 years	2,871	402
Other borrowings wholly repayable within 5 years	4,633	–
Other finance costs	600	–
	8,104	402

8. PROFIT BEFORE TAXATION

	2010 HK$'000	2009 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	–	6
Auditor's remuneration	1,600	620
Cost of inventories recognised as an expense	942,125	94,479
Depreciation of property, plant and equipment	5,603	317
Exchange loss, net	17	–
Interest income	(415)	(1,138)
Loss on disposal of property, plant and equipment	6,889	9
Staff cost, including directors' emoluments:		
– Wages and salaries	105,679	9,059
– Retirement benefit costs	3,256	81
– Equity-settled share-based payments	4,199	9,295

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' emoluments

The emoluments paid or payable to the Directors of the Company were as follows:

	2010					
Name of director	Fees HK$'000	Salaries HK$'000	Discretionary bonus* HK$'000	Retirement benefit costs HK$'000	Equity-settled share-based payments HK$'000	Total HK$'000
Executive directors						
Dr. Wong, Kennedy Ying Ho	–	3,360	–	12	858	4,230
Mr. Chui Chuen Shun	–	3,000	–	12	858	3,870
Dr. Hui Ho Ming, Herbert	–	3,000	250	12	858	4,120
Mr. Mung Kin Keung	–	3,000	500	12	858	4,370
Non-executive director						
Mr. Yin Richard Yingneng	300	–	–	–	429	729
Independent non-executive directors						
Mr. Fan Anthony Ren Da	150	–	–	–	86	236
Ms. Estella Yi Kum Ng	150	–	–	–	86	236
Mr. Wong Kam Wing	150	–	–	–	86	236
	750	12,360	750	48	4,119	18,027

* The discretionary bonus is determined based on the financial performance of the Group for the year.

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES-continued

(a) Directors' emoluments-continued

		2009				
Name of director	Notes	Fees HK$'000	Salaries HK$'000	Retirement benefit costs HK$'000	Equity-settled share-based payments HK$'000	Total HK$'000
Executive directors						
Dr. Wong, Kennedy Ying Ho	(a)	–	1,680	6	1,915	3,601
Mr. Chui Chuen Shun	(a)	–	1,500	6	1,915	3,421
Dr. Hui Ho Ming, Herbert		–	1,500	6	1,915	3,421
Mr. Mung Kin Keung	(b)	25	1,250	6	1,915	3,196
Mr. Chin Chang Keng, Raymond	(c)	–	–	–	–	–
Ms. Ang Mei Lee, Mary	(c)	–	–	–	–	–
Mr. Yip Kim Po	(d)	–	–	–	–	–
Mr. Lin Jianping	(d)	–	–	–	–	–
Non-executive director						
Mr. Yin Richard Yingneng	(a)	150	–	–	383	533
Independent non-executive directors						
Mr. Fan Anthony Ren Da	(a)	75	–	–	191	266
Ms. Estella Yi Kum Ng	(a)	75	–	–	191	266
Mr. Wong Kam Wing	(a)	75	–	–	191	266
		400	5,930	24	8,616	14,970

Notes:

(a) Appointed on 30 September 2008.

(b) Appointed as non-executive director on 30 September 2008 and re-designated as executive director on 31 October 2008.

(c) Appointed on 14 August 2008 and resigned on 6 October 2008.

(d) Removed on 30 September 2008

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2009 and 2010.

For the year ended 31 March 2010, Dr. Wong, Kennedy Ying Ho and Mr. Chui Chuen Shun had waived their bonus of HK$900,000 and HK$500,000 respectively. No directors waived any emoluments in the year ended 31 March 2009.

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES-continued

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, four (2009: four) were Directors of the Company whose emoluments are included in note 9(a) above. The emoluments of the remaining one (2009: one) individual for year ended 31 March 2010 were as follows:

	2010	2009
	HK$'000	HK$'000
Salaries and other benefits	**3,714**	683

The emoluments were within the following bands:

	Number of employee	
	2010	2009
HK$nil to HK$1,000,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	–

10. TAXATION

	2010	2009
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	**91**	13
PRC Enterprise Income Tax	**22,817**	–
	22,908	13
Deferred taxation (note 24)	**(1,661)**	–
	21,247	13

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) on the estimated assessable profits for the year.

Pursuant to the Income Tax Law of the PRC, a subsidiary established in the PRC, is entitled to a preferential income tax rate of 20% for the year ended 31 December 2009. According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprises Income Tax (Guofa [2007] No. 39), the tax rate of the entity that previously enjoyed the tax preferential treatment is to be increased progressively to 25% over a five year period up to 2012.

10. TAXATION-continued

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2010 HK$'000	2009 HK$'000
Profit before taxation	**244,787**	275,246
Tax at domestic rates applicable to profits of taxable entities in the countries concerned (Note)	**49,531**	45,416
Tax effect of income not taxable for tax purposes	**(33,175)**	(45,902)
Tax effect of expenses not deductible for tax purpose	**4,338**	2
Income tax on concessionary rate	**(5,793)**	–
Tax effect of tax losses not recognised	**6,396**	500
Others	**(50)**	(3)
Taxation for the year	**21,247**	13

Note: As the Group operates in several different tax jurisdictions, separate reconciliations using the domestic tax rate in each individual tax jurisdiction have been aggregated.

11. DIVIDENDS

	2010 HK$'000	2009 HK$'000
Dividends recognised as distribution during the year:		
Ordinary shares:		
2010: Interim – HK0.7 cent (2009: nil) per share	**11,038**	–
Preference shares:		
2010: Interim – HK0.7 cent (2009: nil) per share	**7,497**	–
	18,535	–

The Board recommends the payment of a final dividend of HK0.35 cents (2009: Nil) per share for the year to both the holders of ordinary shares and preference shares of the Company resulting in a total dividend payment of HK$6.9 million, and is subject to approval by the shareholders in annual general meeting.

12. EARNINGS PER ORDINARY SHARE

	2010 HK$'000	2009 HK$'000 (Restated)
Profit for the year attributable to owners of the Company	**123,399**	275,664
Dividends on preference share capital	**(5,455)**	(3,749)
Earnings for the purpose of basic earnings per ordinary share	**117,944**	271,915
Effect of dilutive potential ordinary shares:		
Dividends on preference share capital	**5,455**	3,749
Earnings for the purpose of diluted earnings per ordinary share	**123,399**	275,664

	Number of '000	Number of '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share	**902,981**	262,203
Effect of dilutive potential ordinary shares:		
Preference share capital	**788,991**	542,194
Share options	**2,330**	683
Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share	**1,694,302**	805,080

Note: The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the year ended 31 March 2010 and 2009 have been retrospectively adjusted for the effect of the bonus issue as set out in note 36(b).

In addition, the earnings for the calculation of basic earnings per ordinary share for the year ended 31 March 2009 and the weighted average number of ordinary shares for the calculation of diluted earnings per ordinary share for the year ended 31 March 2009 have been restated to adjust for the effect of preference share capital.

13. INVESTMENT PROPERTIES

	2010 HK$'000	2009 HK$'000
Fair value		
At the beginning of year	**–**	10,000
Disposal of subsidiaries	**–**	(10,000)
At the end of year	**–**	–

The investment properties at 1 April 2008 are located in Hong Kong and held under medium-term leases.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
As at 1 April 2008	1,456	–	4,870	2,035	–	8,361
Additions	–	116	–	346	–	462
Disposal of subsidiaries	(1,456)	–	(4,870)	(2,018)	–	(8,344)
Disposals	–	–	–	(11)	–	(11)
As at 31 March 2009	–	116	–	352	–	468
Acquired on acquisition of business (note 27)	–	812	–	31,520	59	32,391
Additions	–	4,848	–	17,259	–	22,107
Disposals	–	(1,059)	–	(9,601)	–	(10,660)
As at 31 March 2010	–	4,717	–	39,530	59	44,306
Depreciation						
As at 1 April 2008	291	–	2,149	1,704	–	4,144
Provided for the year	15	20	170	112	–	317
Disposal of subsidiaries	(306)	–	(2,319)	(1,804)	–	(4,429)
Eliminated on disposals	–	–	–	(2)	–	(2)
As at 31 March 2009	–	20	–	10	–	30
Provided for the year	–	589	–	4,955	59	5,603
Eliminated on disposals	–	(547)	–	(2,591)	–	(3,138)
As at 31 March 2010	–	62	–	2,374	59	2,495
Carrying values						
As at 31 March 2010	–	4,655	–	37,156	–	41,811
As at 31 March 2009	–	96	–	342	–	438

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	2%
Leasehold improvements	Over the estimated useful lives of 5 years or the term of the lease, if shorter
Plant and machinery	7% to 10%
Furniture, fixtures and equipment	10% to 33%
Motor vehicles	20%

15. DEPOSIT FOR ACQUISITION OF BUSINESS

As at 31 March 2009, an aggregate amount of HK$101,686,000, representing the initial deposit pursuant to the Agreement, and the related expenses of approximately HK$100,000,000 and HK$1,686,000, respectively, was paid by the Group for the 3D-GOLD Acquisition. The 3D-GOLD Acquisition as set out in note 27 was completed on 28 July 2009.

16. INTANGIBLE ASSETS

	Trademarks	Right of using specialised technology	Total
	HK$'000	HK$'000	HK$'000
Cost			
At 1 April 2008	–	5,800	5,800
Disposal of subsidiaries	–	(5,800)	(5,800)
At 31 March 2009	–	–	–
Acquired on acquisition of business	168,066	–	168,066
At 31 March 2010	168,066	–	168,066
Accumulated amortisation			
At 1 April 2008	–	5,800	5,800
Disposal of subsidiaries	–	(5,800)	(5,800)
At 31 March 2009 and 31 March 2010	–	–	–
Carrying values			
At 31 March 2010	168,066	–	168,066
At 31 March 2009	–	–	–

The trademarks at 31 March 2010 have contractual lives of 10 years and are renewable at minimal cost. The Directors of the Company are of the opinion that the Group has the intention and ability to renew the trademarks continuously. As a result, the trademarks are considered by the Directors of the Company as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

During the year ended 31 March 2010, management of the Group conducted impairment review on the trademarks. The recoverable amounts of the trademarks have been determined based on a value in use calculation, which is based on the cash flow forecast derived from the recent financial budgets approved by management covering a five-year period and a discount rate of 17%. The cash flows beyond the five-year period is extrapolated using a 3% growth rate. The key assumptions for the value in use calculations are discount rate and growth rate. Management adopted discount rate which they consider reflects current market assessment of the time value of money and the risks specific to the trademarks. The growth rate does not exceed the long-term average growth rate for the relevant industry. Based on the assessments, management expects the carrying amount of the trademarks to be recoverable and there is no impairment of the trademarks. Management considers that any reasonable possible change in these key assumptions would not cause the carrying amount of the trademarks to exceed the recoverable amount.

17. PREPAID LEASE PAYMENTS

	2010 HK$'000	2009 HK$'000
Land held under long-term lease in Hong Kong:		
Cost		
At the beginning of year	–	1,444
Disposal of subsidiaries	–	(1,444)
At the end of year	–	–
Accumulated amortisation		
At the beginning of year	–	116
Amortisation for the year	–	6
Disposal of subsidiaries	–	(122)
At the end of year	–	–
Carrying value		
At the end of year	–	–

18. INVENTORIES

	2010 HK$'000	2009 HK$'000
Raw materials	111,711	–
Finished goods	623,044	1,147
	734,755	1,147

19. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID

	2010 HK$'000	2009 HK$'000
Trade receivables	96,113	–
Other receivables and deposits paid	31,737	280
	127,850	280

19. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID-continued

Retail sales are usually made in cash, through credit cards or through reputable and dispersed department stores. The Group generally allows a credit period from 1 to 30 days to its debtors.

Included in other receivables at 31 March 2010 is prepayment to a related company, which is 60% owned by Mr. Liu, for sourcing of inventories on behalf of the Group, amounting to HK$13,578,000.

The following is an aged analysis of trade receivables presented based on the invoice date, net of allowance, at the end of the reporting period.

	2010 HK$'000	2009 HK$'000
0-30 days	81,920	–
31-60 days	1,863	–
61-90 days	625	–
Over 90 days	11,705	–
	96,113	–

Included in the Group's trade receivables balance are debtors with aggregate amount of HK$14,193,000 which are past due as at reporting date for which the Group has not provided for impairment loss.

Aging of trade receivables which are past due but not impaired is as follow:

	2010 HK$'000	2009 HK$'000
31-60 days	1,863	–
61-90 days	625	–
Over 90 days	11,705	–
	14,193	–

Trade receivables that were past due but not impaired relate to certain independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the debtors from the date credit was initially granted up to the reporting date. There is no concentration of credit risk due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no allowance required. The Group does not hold any collateral over these balances.

20. BANK BALANCES AND CASH

These comprise bank balances placed in banks and financial institutions that are interest bearing at market interest rates.

The ranges of interest rates on the bank deposits of the Group as at 31 March 2010 are from 0.01% to 0.73% (2009: 0.01% to 0.70%) per annum.

Included in the bank balances and cash of the Group as at 31 March 2010 are bank balances amounted to HK$13,973,000 (2009: nil) which are denominated in currencies other than the functional currency of the respective group entity.

21. TRADE AND OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2010 **HK$'000**	2009 HK$'000
Trade payables	**94,085**	23
Deposits received from customers (note a)	**50,410**	–
Franchisee guarantee deposits (note b)	**19,505**	–
Other payables, accruals and other deposits	**43,765**	3,543
	207,765	3,566

Notes:

(a) Deposits received from customers represent deposits and receipts in advance from the franchisees for purchase of inventories.

(b) Franchisee guarantee deposits represent deposits from the franchisees for use of the trademarks "3D-GOLD".

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2010 **HK$'000**	2009 HK$'000
0 to 30 days	**57,807**	23
31-60 days	**9,745**	–
61-90 days	**22,533**	–
Over 90 days	**4,000**	–
	94,085	23

22. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS OF A SUBSIDIARY

The amounts are unsecured, non-interest bearing and repayable on demand. The amounts are fully settled subsequent to the reporting date as disclosed in note 36(a).

23. BANK AND OTHER BORROWINGS

	2010 HK$'000	2009 HK$'000
Bank borrowings (Note a)	**139,545**	–
Other borrowings (Note b)	**78,410**	–
	217,955	–

Notes:

(a) Particulars of the bank borrowings are as follows:

	2010 HK$'000	2009 HK$'000
Secured floating rate bank borrowing (note i)	**60,000**	–
Unsecured fixed rate bank borrowing (note ii)	**79,545**	–
	139,545	–

Notes:

(i) The bank borrowing, which is denominated in HK$, a foreign currency of the relevant group entity, is secured, interest bearing at the higher of 1 month Hong Kong Interbank Offered Rates ("HIBOR") plus 2.75% per annum or 3% per annum, and repayable in July 2010. The effective interest rate for the year ended 31 March 2010 is 3% per annum.

As at 31 March 2010, the bank borrowing is secured by a floating charge on the Group's inventories with a carrying amount of HK$138,885,000. In addition, the bank borrowing is jointly guaranteed by the Company, Mr. Liu and Ace Captain in proportion to their shareholding in China Gold Silver. Pursuant to the loan agreement, Dr. Wong, Kennedy Ying Ho, a substantial shareholder and the Chairman of the Company, is obliged to maintain (i) his chairmanship in the Company and (ii) his shareholding of not less than 30% in the Company; and Mr. Liu is obliged to maintain his shareholding of 100% in another company outside the Group.

(ii) The ranges of effective interest rates, which are also equal to contracted interest rates, on the Group's fixed rate borrowings is 5.31% per annum, repayable in November 2010. The bank borrowing is jointly guaranteed by (i) the Company, (ii) 東莞市金龍珠寶首飾有限公司, a company 60% owned by Mr. Liu, and Ace Captain.

(b) Particulars of the other borrowings at 31 March 2010 are as follow:

	HK$'000
東莞市金龍珠寶首飾有限公司 (Note i)	28,410
Finwood Limited (Note ii)	50,000
	78,410

Notes:

(i) 東莞市金龍珠寶首飾有限公司 is a company 60% owned by Mr. Liu. The amount is unsecured, repayable on demand and interest bearing at fixed rate of 5.13% per annum.

(ii) Finwood Limited is a company 100% owned by the spouse of Dr. Wong Kennedy, Ying Ho. The amount, which is denominated in HK$, a foreign currency of the relevant group entity, is unsecured, repayable on demand and interest bearing at Hong Kong Prime Rate, with effective interest rate of 5% per annum.

24. DEFERRED TAXATION

The followings are the deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior years.

	Fair value adjustment on inventories HK$'000 (Note)	Fair value adjustment on intangible assets HK$'000 (Note)	Others HK$'000	Total HK$'000
At 1 April 2008 and 31 March 2009	–	–	–	–
Arising on acquisition of business in July 2009	3,514	42,016	(893)	44,637
Credit to profit or loss	(1,297)	–	(364)	(1,661)
As at 31 March 2010	2,217	42,016	(1,257)	42,976

Note: Such deferred tax liabilities are attributable to taxable temporary differences arising on initial recognition of assets at fair values which were acquired in business combination.

The deferred tax assets and liabilities have been offset for the purpose of consolidated statement of financial position presentation.

As at 31 March 2010, the Group has unused tax losses of HK$48,296,000 (2009: HK$9,532,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$148,123,000 as at 31 March 2010 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

25. SHARE CAPITAL

	Notes	Number of shares '000	Amount HK$'000
Authorised:			
At 1 April 2008			
Ordinary shares of HK$0.10 each	(a)	1,000,000	100,000
At 1 April 2009, 31 March 2009 and 31 March 2010			
Ordinary shares of HK$0.01 each	(a)	4,000,000	40,000
Preference shares of HK$0.01 each	(a)	3,000,000	30,000
		7,000,000	70,000
Ordinary shares issued and fully paid:			
At 1 April 2008			
Ordinary shares of HK$0.10 each		497,900	49,790
Capital reduction and share consolidation pursuant to the Restructuring (as defined in note 28)		(448,110)	(49,292)
Issue of ordinary shares pursuant to the Restructuring		402,000	4,020
Issue of shares		63,500	635
Exercise of share options		15,057	151
At 31 March 2009			
Ordinary shares of HK$0.01 each		530,347	5,304
Exercise of share options	(b)	5,973	60
Issue of shares	(c)	120,000	1,200
Issue upon conversion of preference shares	(d)	920,574	9,206
At 31 March 2010		1,576,894	15,770
Preference shares issued and fully paid:			
At 1 April 2008			
Preference shares of HK$0.01 each		–	–
Issue of preference shares pursuant to the Restructuring		1,071,000	10,710
At 31 March 2009		1,071,000	10,710
Conversion of preference shares	(d)	(920,574)	(9,206)
At 31 March 2010		150,426	1,504
Total:			
At 1 April 2008		497,900	49,790
At 31 March 2009		1,601,347	16,014
At 31 March 2010		1,727,320	17,274

25. SHARE CAPITAL-continued

The preference share shall entitle the holder thereof the right to convert one preference share into one fully-paid ordinary share of the Company at any time after one year from the date of issuance of the preference shares. The preference shares are not redeemable and not bear any voting right.

Each preference share shall confer on its holder the right to be paid out of the profits of the Company available for dividend and resolved to be distributed pari passu with ordinary shares but otherwise in priority to any payment of dividend or any distribution in respect of any other class of shares, a fixed cumulative preferential dividend at the rate of 5% per annum on the paid-up value of the reference amount attributable to each preference shares. The preference shares rank in priority to the ordinary shareholders as to a return of the nominal amount paid up on the preference shares and thereafter ranks pari passu with the ordinary shares on liquidation.

The undeclared cumulative preferential share dividend as at 31 March 2010 amounted to HK$526,000.

Notes:

(a) Under the Restructuring (as defined in note 28), the Company's authorised share capital was changed to HK$70,000,000 divided into 4,000,000,000 New Shares and 3,000,000,000 Preference Shares.

(b) During the year, the Company issued 5,973,270 ordinary shares of HK$0.01 each at cash consideration of HK$0.498 per share pursuant to the exercise of the share options granted.

(c) During the year, the Company issued and allotted ordinary shares as a result of the following placing of existing shares and top-up subscription of new shares:

(i) On 8 May 2009, a placing agreement and a subscription agreement were entered into among Perfect Ace Limited ("Perfect Ace"), the Company and a placing agent ("Placing Agent") under which (i) Perfect Ace has appointed the Placing Agent to place 40,000,000 ordinary shares of HK$0.01 each ("Placing Share(s)") in the Company at a price of HK$1.30 per Placing Share; and (ii) Perfect Ace subscribed for 40,000,000 new ordinary shares of HK$0.01 each ("Subscription Share(s)") in the Company at a price of HK$1.30 per Subscription Share. The placing price of HK$1.30 represented a discount of 7.14% to the closing price of HK$1.40 per share as quoted on the Stock Exchange on 7 May 2009. The Subscription Shares were issued pursuant to the general mandate granted to the Directors of the Company on 24 April 2009. The net proceeds of approximately HK$48 million is used to fund part of the consideration of the 3D-GOLD Acquisition. The transaction was completed on 21 May 2009.

Perfect Ace is a company owned as to 96.11% by Dr. Wong, Kennedy Ying Ho, a substantial shareholder and the Chairman of the Company and as to 3.89% by Mr. Chui Chuen Shun, an executive director of the Company at the time of the transaction.

Details of the above are set out in the Company's announcement dated 8 May 2009.

(ii) On 23 October 2009, a placing agreement and a subscription agreement were entered into among Perfect Ace, the Company and a placing agent ("Placing Agent I") under which (i) Perfect Ace has appointed the Placing Agent I to place 80,000,000 ordinary shares of HK$0.01 each ("Placing Shares I") in the Company at a price of HK$1.63 per Placing Share I; and (ii) Perfect Ace subscribed for 80,000,000 new ordinary shares of HK$0.01 each ("Subscription Shares I") in the Company at a price of HK$1.63 per Subscription Share I. The issued price of HK$1.63 represented a discount of 8.94% to the closing price of HK$1.79 per share quoted on the Stock Exchange on 23 October 2009. The Subscription Shares I were issued pursuant to the general mandate granted to the Directors of the Company on 14 August 2009. The net proceeds of approximately HK$125 million is intended to be used for general working capital purpose, in particular, towards the opening of retail shops in Hong Kong and Macau and the purchase of stock and inventory for 3D-GOLD retail operations. The transaction was completed on 6 November 2009.

Details of the above are set out in the Company's announcements dated 27 October 2009, 29 October 2009 and 6 November 2009.

(d) During the year, 920,574,000 preference shares of HK$0.01 each were converted into ordinary shares of HK$0.01 each of the Company.

26. SHARE-BASED PAYMENT TRANSACTIONS

At the annual general meeting of the Company held on 4 September 2003, an ordinary resolution was passed approving the adoption of a share option scheme (the "2003 Share Option Scheme"). Pursuant to the terms of this scheme, and with reference to the Company's circular dated 29 August 2008 and the holders of options of the Company, the remaining 3,200,000 outstanding share options of the Company granted by this scheme were cancelled upon completion of Restructuring (as defined in note 28) of the Company on 30 September 2008.

The Company adopted a new share option scheme at the special general meeting held on 23 January 2009 by way of an ordinary resolution (the "2009 Share Option Scheme") for the purpose of providing incentives or rewards to eligible persons for their contribution or potential contribution to the Group. Eligible persons including but not limited to the Group's shareholders, directors, employees, business partners, customers and suppliers.

Pursuant to the 2009 Share Option Scheme, the Board of Directors of the Company (the "Board") may grant options to the eligible persons to subscribe for the Company's shares for a consideration of HK$1 for each lot of share options granted. The exercise price is to be determinable by the Board and shall not less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet issued by the Stock Exchange for the date of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the date of grant and (iii) the nominal value of a share of the Company.

Pursuant to the 2009 Share Option Scheme, the maximum number of shares in the Company in respect of which options may be granted when aggregated with any other share option schemes of the Company is not permitted to exceeded 45,179,000 shares, representing 10% of the issued share capital of the Company as at the date of adoption of the 2009 Share Option Scheme or approximately 8.52% of the issued share capital of the Company as at 31 March 2009. Subject to the issue of a circular and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2009 Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares issue from time to time.

No option may be granted to any person if the total number of shares of the Company already issued and issuable to him under all the options granted to him in any 12-month period up to and including the date of grant exceeding 1% of the total number of shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting. The participant and his associates (as defined in the Listing Rules) are abstained from voting and/or other requirements prescribed under the Listing Rules from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$55 million must be approved in advance by the Company's shareholders.

26. SHARE-BASED PAYMENT TRANSACTIONS-continued

There is no specific requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The period during when an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant.

(a) The following table sets out the movements of the Company's share options during the year:

				Number of options			
Eligible person	**Date of grant**	**Exercise period**	**Exercise price** HK$	**Outstanding as at 1.4.2009**	**Granted during the year**	**Exercise during the year**	**Outstanding as at 31.3.2010**
Directors	23.1.2009	23.1.2009 to 22.1.2019	0.498	5,873,270	–	(4,969,690)	903,580
	20.7.2009	20.7.2009 to 19.7.2019	1.510	–	4,800,000	–	4,800,000
				5,873,270	4,800,000	(4,969,690)	5,703,580
Employees	23.1.2009	23.1.2009 to 22.1.2019	0.498	200,000	–	(200,000)	–
	20.7.2009	20.7.2009 to 19.7.2019	1.510	–	3,500,000	–	3,500,000
				200,000	3,500,000	(200,000)	3,500,000
Consultants	23.1.2009	23.1.2009 to 22.1.2019	0.498	803,580	–	(803,580)	–
	20.7.2009	20.7.2009 to 19.7.2019	1.510	–	800,000	–	800,000
				803,580	800,000	(803,580)	800,000
				6,876,850	9,100,000	(5,973,270)	10,003,580
Exercisable at the end of the year				6,876,850			10,003,580
Weighted average exercise price				0.498	1.510	0.498	1.419

26. SHARE-BASED PAYMENT TRANSACTIONS-continued

(a) (continued)

Eligible person	Date of grant	Exercise period	Exercise price HK$	Number of options: Outstanding as at 1.4.2008	Granted during the year	Exercise during the year	Cancelled during the year	Outstanding as at 31.3.2009
2003 Share Option Scheme:								
Employee	31.2.2006	31.2.2006 to 3.9.2013	1.320	3,200,000	–	–	(3,200,000)	–
2009 Share Option Scheme:								
Directors	23.1.2009	23.1.2009 to 22.1.2019	0.498	–	20,330,550	(14,457,280)	–	5,873,270
Employee	23.1.2009	23.1.2009 to 22.1.2019	0.498	–	500,000	(300,000)	–	200,000
Consultants	23.1.2009	23.1.2009 to 22.1.2019	0.498	–	1,103,580	(300,000)	–	803,580
				–	21,934,130	(15,057,280)	–	6,876,850
				3,200,000	21,934,130	(15,057,280)	(3,200,000)	6,876,850
Exercisable at the end of the year				3,200,000				6,876,850
Weighted average exercise price				1.320	0.498	0.498	1.320	0.498

(b) The following key assumptions were used in assessing the fair value of the options granted:

Date of grant	20 July 2009	23 January 2009
Number of options granted	9,100,000	21,934,130
Grant date share price	HK$1.510	HK$0.430
Exercise price	HK$1.510	HK$0.498
Risk-free rate	2.45%	1.424%
Nature of the share options	Call	Call
Life of the options	10 years	10 years
Expected volatility	151.69%	154.79%
Expected dividend yield	0%	0%

The fair value of the options determined at the date of grant using Binomial option pricing model was HK$4,199,000 (2009: HK$9,295,000) and recognised in the consolidated statement of comprehensive income for the year.

27. ACQUISITION OF BUSINESS

In connection with the 3D-GOLD Acquisition, the Group paid, up to 31 March 2010, an aggregate sum of approximately HK$538.1 million as total consideration for the Acquisition. This amount is subject to adjustments, if any, regarding the finalisation of the purchase price of certain inventories. Currently, the Group is in discussion with the provisional liquidators of 3D-GOLD (PLA) to finalise this amount. This transaction has been accounted for using the purchase method of accounting.

The net assets acquired in the transaction are as follows:

	Carrying amount before combination HK$'000	**Fair value adjustments** HK$'000	**Fair value** HK$'000
Net assets acquired			
Property, plant and equipment	32,391	–	32,391
Intangible assets	–	168,066	168,066
Inventories	653,020	14,056	667,076
Trade and other receivables	83,034	–	83,034
Bank balances and cash	45,619	–	45,619
Trade and other payables	(204,108)	–	(204,108)
Tax payable	(1,673)	–	(1,673)
Deferred tax liabilities	893	(45,530)	(44,637)
	609,176	136,592	745,768
Discount on acquisition			(200,865)
Consideration			544,903
Represented by:			
Cash consideration			538,100
Cost of acquisition			6,803
			544,903
Satisfied by:			
Cash			443,217
Deposit for acquisition of business			101,686
			544,903
Net cash outflow arising on acquisition:			
Cash consideration paid			(443,217)
Bank balances and cash acquired			45,619
			(397,598)

27. ACQUISITION OF BUSINESS-continued

Since the completion of 3D-GOLD Acquisition, the Restructured Group has contributed approximately HK$1,266 million and approximately HK$58 million to the Group's turnover and profit respectively for the period from the date of acquisition to 31 March 2010.

The consideration for the 3D-GOLD Acquisition was determined based on the value of the business, inventories and other assets. The Directors of the Company, after reassessment, consider that the discount on acquisition of business is due to the fact that the cost of acquisition is favourable compared to the net fair value of the identifiable assets, liabilities and contingent liabilities of the Restructured Group. The discount on acquisition of approximately HK$201 million was mainly attributable to i) the tender was made to the provisional liquidators during the financial tsunami in December 2008 and a discount had been offered by the provisional liquidators on certain inventories held by the Restructured Group, and ii) the fair value change of the inventories held on the completion date. The total cash consideration of approximately HK$538.1 million, which is subject to adjustments, if any, on the finalisation of the purchase price of certain inventories, represents management's best estimate of the final consideration to be paid by the Group.

The Directors of the Company are of the view that it is impracticable to disclose the revenue and the result of the acquired business for the period from 1 April 2009 to 31 March 2010 as if the 3D-GOLD Acquisition had been effected at the 1 April 2009 since such consolidated financial statements was not provided by the vendor.

28. DISPOSAL OF SUBSIDIARIES

On 22 February 2008, the Company announced that a conditional agreement for the proposed restructuring of the Group was entered into on 8 October 2007 by (i) the Company, (ii) Perfect Ace, (iii) the provisional liquidators of the Company (the "Provisional Liquidators") and (iv) an escrow agent. An addendum thereto was executed by the relevant parties on 14 December 2007 (the said agreement together with the said addendum is collectively referred to as the "Restructuring Agreement" or "Restructuring").

Details of the Restructuring Agreement issued by the Company and Perfect Ace are set out in the circular dated 29 August 2008.

The court orders for the withdrawal of the winding-up petitions and the discharge of the Provisional Liquidators of the Company were granted on 25 September 2008 by the Supreme Court of Bermuda and on 30 September 2008 by The High Court of Hong Kong. Accordingly, the Restructuring was completed on 30 September 2008.

Upon completion of the Restructuring, the issued shares of all the subsidiaries of the Company, except Brand New Management Limited and Trump Power Limited (the "Excluded Subsidiaries"), which were retained by the Company, have been disposed of to a company held by the Scheme Administrators (in trust for the Creditors) at a nominal consideration of HK$1.

28. DISPOSAL OF SUBSIDIARIES-continued

The net liabilities of the Excluded Subsidiaries disposed of in the transactions are as follows:

	2009 HK$'000
Investment properties	10,000
Property, plant and equipment	3,915
Prepaid lease payments	1,322
Other receivables	8
Amount due from a deconsolidated subsidiary	15,083
Tax recoverable	949
Bank balances and cash	72,474
Trade and other payables	(28,957)
Amount due to a deconsolidated subsidiary	(3,749)
Short-term bank borrowings	(295,678)
Short-term notes	(120,081)
Net liabilities disposed of	(344,714)
Gain on disposal of subsidiaries	344,714
Consideration	–
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	(72,474)

The subsidiaries disposed of during the year ended 31 March 2009 has no material contribution to the Group's turnover and profit for the year up to the date of disposal.

As most of the Company's former accounting personnel and former directors left the Group on or before completion of the Restructuring, the Directors were unable to obtain sufficient documentary information to satisfy themselves as to whether the operating results of those subsidiaries nor the gain on disposal of subsidiaries for the year ended 31 March 2009 were fairly stated.

29. LOSS ON DEBT RESTRUCTURING

Loss on debt restructuring of approximately HK$34,905,000 represented the excess of HK$50,000,000 cash paid to the Scheme over the indebtedness discharged of HK$15,095,000 pursuant to the Restructuring Agreement.

As most of the Company's former accounting personnel and former directors left the Group on or before completion of the Restructuring, the Directors were unable to obtain sufficient documentary information to satisfy themselves as to whether the loss on debt restructuring for the year ended 31 March 2009 was fairly stated.

30. OPERATING LEASES

The Group as lessee

The Group had made the following lease payments during the year as follow:

	2010 HK$'000	2009 HK$'000
Operating lease rentals in respect of stores:		
Minimum lease payments	17,923	–
Contingent rental	85,694	–
	103,617	–

At the end of the reporting period, the Group had commitments for future minimum lease payments for retail shops under non-cancellable operating leases which fall due as follows:

	2010 HK$'000	2009 HK$'000
Within one year	21,056	956
In the second to five years inclusive	34,087	558
	55,143	1,514

Operating lease payments represent rentals payable by the Group for certain of its retail shops. Leases are negotiated for lease terms of 1 to 3 years.

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain retail shops leased by the Group. In general, these contingent rents are calculated based on the relevant retail shops' turnover pursuant to the terms and conditions as set out in the respective rental agreements. It is not possible to estimate in advance the amount of such contingent rent payable.

31. CAPITAL COMMITMENTS

	2010 HK$'000	2009 HK$'000
Acquisition of 40% of interest in China Gold Silver (note 36(a))	543,900	–
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	7,368	–

32. RETIREMENT BENEFIT PLANS

The Company operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The subsidiary established in the PRC is required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits.

The employees employed in Macau are members of the defined contribution retirement benefit plan. The subsidiary established in Macau is required to contribute Macao patacas ("MOP") 30 per month for each employee to the retirement benefit plan to fund the benefits.

The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

As at 31 March 2009 and 31 March 2010, the Group had no significant obligation apart from the contribution as stated above.

33. RELATED PARTY DISCLOSURES

(a) Related party transactions

During the year, the Group has the following related party transactions:

Relationship	Nature of transactions	2010 HK$'000	2009 HK$'000
A company owned by a non-controlling shareholder of the Company's subsidiary	Subcontracting expenses	**121**	–
	Interest expenses	**1,598**	–
A company owned by the spouse of a director of the Company	Interest expenses	**1,740**	–
A solicitors firm in which a director of the Company is a partner	Company secretariat and legal services fee	**3,083**	791
A solicitors firm in which the spouse of a director of the Company is a partner	Legal services fee	**348**	983

In addition, from time to time, a related company controlled by Mr. Liu also acts an agent to source inventories on behalf of the Group. Advance prepaid by the Group to such entity for sourcing purpose is detailed in note 19.

(b) Related party balances

Details of the Group's outstanding balances with related parties are set out on the consolidated statement of financial position and in notes 19, 22 and 23.

33. RELATED PARTY DISCLOSURES-continued

(c) Credit facilities

Certain of the Group's bank borrowing facilities are secured by guarantees given by related parties as set out in note 23.

(d) Compensation of key management personnel

Directors are key management personnel of the Company whose remuneration is disclosed in note 9.

34. CAPITAL RISK MANAGEMENT

The management of Group manages capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy remains unchanged throughout the year.

The capital structure of entities in the Group consists of debts, which include the bank and other borrowings disclosed in note 23 and equity attributable to owners of the Company, comprising issued share capital and reserves.

Management reviews the capital structure regularly. As part of this review, the Directors of the Company assess the annual budget prepared by the accounting and treasury department and consider and evaluate the cost of capital and the risks associated with each class of capital. Entities in the Group will then balance its capital structure through the payment of dividends, new shares issues as well as the issue of new debt or the redemption of the existing debt.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2010	2009
	HK$'000	HK$'000
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**260,221**	115,803
Financial liabilities		
Amortised costs	**391,588**	1,023

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables, bank and other borrowings, and amounts due to non-controlling shareholders of a subsidiary. Details of these financial instruments are disclosed in the respective notes. The risks associated with certain of these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

35. FINANCIAL INSTRUMENTS-continued

(b) Financial risk management objectives and policies-continued

Market risk

During the year, there has been no change to the exposure of entities in the Group to market risks or the manner in which it manages and measures the risk.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate other borrowings (see note 23 for details of this borrowing).

The Group is also exposed to cash flow interest rate risk in relation to its variable rate bank balances and bank borrowings (see note 23 for details of these borrowings). Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates of variable rate bank and other borrowings. The analysis is prepared assuming the amounts of assets and liabilities outstanding at the end of the reporting period were outstanding for the whole year. The sensitivity analysis does not include the impact of decrease in interest rate of the bank borrowing discussed in note 23(a)(i) as any possible downward adjustment still result in fixed interest payment. Other than that, a 50 basis points (2009: 50 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interests rates had been 50 basis points (2009: 50 basis points) higher and all other variables were held constant, the profit of the Group would have been impacted as follows:

	2010	2009
	HK$'000	HK$'000
Decrease in profit for the year	**(550)**	–

If interests rates had been 50 basis points (2009: 50 basis points) lower and all other variables were held constant, the profit of the Group would have been impacted as follows:

	2010	2009
	HK$'000	HK$'000
Increase in profit for the year	**250**	–

Currency risk

The Group undertake certain transactions denominated in foreign currencies, hence exposures to exchange fluctuations arise. Certain of the Group's financial assets and liabilities are denominated in HK$ or MOP which are currencies other than the functional currencies of the respective group entities (see respective notes). The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates.

35. FINANCIAL INSTRUMENTS-continued

(b) Financial risk management objectives and policies-continued

Market risk-continued

Currency risk-continued

The carrying amounts of the monetary assets and liabilities, which are bank balances and cash and bank and other borrowings, that are denominated in currencies other than the functional currencies of the respective group entities of the Group at the reporting date are as follows:

	Assets		Liabilities	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**17,292**	–	**(158,067)**	(1,000)
MOP	**726**	–	**–**	–

Currency risk sensitivity analysis

As MOP are pegged to HK$, the sensitivity analysis does not include MOP denominated assets held by entity with HK$ as its functional currency as it is expected that there would be no material currency risk exposure.

The foreign currency risk of the Group is mainly concentrated on the fluctuations of RMB against HK$. The sensitivity analysis below includes only currency risk related to HK$ denominated monetary items of group entities whose functional currencies are RMB. The sensitivity analysis of the Group also includes currency risk exposure on inter-company balances.

The following table details the sensitivity of the Group to a 5% increase and decrease in the RMB against HK$ respectively. 5% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes external receivables or payables as well as receivables from and payables to foreign operation within the Group where the denomination of the receivable or payable is in a currency other than the functional currency of the respective group entity. A positive number below indicates an increase in profit where RMB strengthens against HK$. For a 5% weakening of RMB against HK$, there would be an equal and opposite impact on the profit and the balances below would be negative.

	2010	2009
	HK$'000	HK$'000
Profit for the year		
RMB against HK$	**7,040**	50

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

35. FINANCIAL INSTRUMENTS-continued

(b) Financial risk management objectives and policies-continued

Credit risk-continued

In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that appropriate actions are taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of malls and department stores.

Liquidity risk

Regarding the liquidity risk, the management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on advances from related parties as part of the source of liquidity. In addition, the Group relies on bank and other borrowings as a significant source of liquidity. Details of which are set out in notes 22 and 23 respectively.

The following tables detail the Group's contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

Liquidity table

	Weighted average interest rate	On demand or in 30 days	31 to 90 days	91 to 365 days	Total undiscounted cash flows	Carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2010						
Trade and other payables	–	105,945	–	–	105,945	105,945
Franchise guarantee deposits	–	19,505	–	–	19,505	19,505
Bank and other borrowings	5	78,904	1,608	141,414	221,926	217,955
Amount due to a shareholder	–	48,183	–	–	48,183	48,183
		252,537	1,608	141,414	395,559	391,588
As at 31 March 2009						
Trade and other payables	–	23	–	–	23	23
Amount due to a shareholder		1,000	–	–	1,000	1,000
		1,023	–	–	1,023	1,023

35. FINANCIAL INSTRUMENTS-continued

(c) Fair values

The fair values of the financial assets and liabilities are determined in accordance with general accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

36. EVENTS AFTER THE REPORTING PERIOD

(a) On 15 March 2010, the Company entered into a conditional sales and purchase agreement with Mr. Liu and Ace Captain for their respective 30% and 10% interest in China Gold Silver, a then 60% owned subsidiary of the Company, and their respective amounts due to non-controlling shareholders of a subsidiary, for a consideration of HK$543.9 million, to be satisfied by cash of HK$181.3 million and issuance of 222,457,669 ordinary shares of HK$0.01 at an issue price of HK$1.63.

The above acquisition was approved by the shareholders of the Company at a special general meeting held on 30 April 2010. Further details of this transaction are set out in a circular to the shareholders of the Company dated 1 April 2010.

The transaction was completed on 14 May 2010. Upon completion of the transaction, China Gold Silver has become a direct wholly owned subsidiary of the Company.

(b) Pursuant to an ordinary resolution passed at a special general meeting held on 30 April 2010, a bonus issue of ordinary shares was made on 7 May 2010 on the basis of one bonus share for every eighty existing shares then held by the shareholders whose names appear on the register of members on 30 April 2010. Details of the bonus issue are set out in a circular to the shareholder of the Company dated 14 April 2010.

(c) Subsequent to 31 March 2010, the Group granted 1,000,000 and 17,768,000 share options to a non executive director and independent third parties, respectively, with exercise price of HK$1.40. The management is in the process of considering the financial impact on the consolidated financial statements.

(d) On 16 July 2010, a subsidiary of the Company entered into a loan agreement with a bank for an amount of HK$100 million. The amount, which is denominated in HK$, is secured by a floating charge on the Group's inventories in Hong Kong, repayable by 2014 in 8 installments and interest bearing at HIBOR plus 1.5% per annum.

37. SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2010 HK$'000	2009 HK$'000
Total assets	**321,320**	185,427
Total liabilities	**(1,937)**	(1,878)
Net assets	**319,383**	183,549
Share capital	**17,274**	16,014
Reserves (Note)	**302,109**	167,535
Total equity	**319,383**	183,549

Note:

The movement of reserves is as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	(Accumulated losses) retained earnings HK$'000	Total HK$'000
At 1 April 2008	35,889	–	1,200	(398,761)	(361,672)
Lapse of share options	–	–	(1,200)	1,200	–
Capital reduction	(35,889)	–	–	85,181	49,292
Issue of ordinary shares, net of transaction costs	95,765	–	–	–	95,765
Issue of preference shares, net of transaction costs	139,230	–	–	–	139,230
Equity-settled share-based payments and exercise of share options	13,729	–	2,915	–	16,644
Profit for the year and total comprehensive income for the year	–	–	–	228,276	228,276
At 31 March 2009	248,724	–	2,915	(84,104)	167,535
Issue of ordinary shares, net of transaction costs	173,338	–	–	–	173,338
Equity-settled share-based payments and exercise of share options	1,987	–	5,127	–	7,114
Capital reduction	(200,000)	84,697	–	115,303	–
Interim dividend paid	–	(18,535)	–	–	(18,535)
Loss for the year and total comprehensive loss for the year	–	–	–	(27,343)	(27,343)
At 31 March 2010	224,049	66,162	8,042	3,856	302,109

38. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2010 and 2009 are as follows:

Name of subsidiaries	Place of incorporation/ establishment	Authorised ordinary share capital/ registered capital	Issued and fully-paid ordinary share capital/ paid up capital	Percentage of issued ordinary share capital/ registered capital held by the Company/ subsidiary (Note 1)		Attributable equity interest held		Principal activities
				2010	2009	2010	2009	
3D-GOLD Company Limited	Hong Kong	HK$10,000	HK$100	100%	–	60%	–	Investment holding
金至尊實業發展(深圳)有限公司 (3D-GOLD Enterprises Development (Shenzhen) Co. Ltd.) (Note 2)	Mainland China	USD60,000,000	US$52,000,000	100%	–	60%	–	Retailing and franchising operations of gold and jewellery products in Mainland China
3D-GOLD International Company Limited	Hong Kong	HK$10,000	HK$2	100%	–	60%	–	Holding of trademark
3D-GOLD Jewellery (HK) Limited	Hong Kong	HK$10,000	HK$100	100%	–	60%	–	Retailing of gold and jewellery products in Hong Kong
3D-GOLD Management Services Limited	Hong Kong	HK$5,000,000	HK$1	100%	–	60%	–	Provision of management services
3D-GOLD (PRC Holding) Company Limited	Hong Kong	HK$10,000	HK$100	100%	–	60%	–	Investment holding
Brand New Management Limited	British Virgin Islands	US$50,000	US$1	100%	100%	100%	100%	Investment holding
China Gold Silver Group Company Limited	British Virgin Islands	US$50,000	US$3,000	60%	66.67%	60%	66.67%	Investment holding
Elite Art International Limited	Hong Kong	HK$10,000	HK$1	100%	–	100%	–	Investment holding
Great Network Holdings Limited	British Virgin Islands	US$50,000	US$100	80%	–	48%	–	Investment holding
Great Tactic Limited	British Virgin Islands	US$50,000	US$1	100%	–	100%	–	Rental Holding
Gold Ocean Jewellery Company Limited	Macau	MOP500,000	MOP500,000	100%	–	60%	–	Retailing of gold and jewellery products in Macau
Golden Zone International Limited	British Virgin Islands	US$50,000	US$1	100%	–	60%	–	Investment holding
La Milky Way International Company Limited	Hong Kong	HK$10,000	HK$2	100%	–	60%	–	Holding of trademark
La Milky Way Jewellery Limited	Hong Kong	HK$10,000	HK$1	100%	–	60%	–	Design, manufacturing and trading of jewellery
Trump Power Limited	Hong Kong	HK$10,000	HK$100	100%	100%	100%	100%	Trading of precious metals related products

Notes:

1. The Company directly holds the interest in Brand New Management Limited and China Gold Silver Group Company Limited. All other interests in subsidiaries shown above are indirectly held by the Company.

2. 3D-GOLD Enterprises Development (Shenzhen) Co. Ltd. established in Mainland China is a wholly owned foreign enterprise.

Financial Summary

The following is a summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years. This summary does not form part of the audited financial statements.

RESULTS

	Year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**1,290,110**	95,138	52,696	131,871	1,006,661
Profit (Loss) before taxation	**244,787**	275,246	(7,616)	(177,494)	(478,079)
Taxation	**(21,247)**	(13)	(17)	–	(1,180)
(Profit) Loss for the year and total comprehensive (income) loss attributable to non-controlling interests	**(100,141)**	431	–	–	–
Profit (Loss) for the year and total comprehensive income (loss) attributable to owners of the Company	**123,399**	275,664	(7,633)	(177,494)	(479,259)

ASSETS AND LIABILITIES

	As at 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,239,091**	219,354	95,527	93,394	163,729
Total liabilities	**(536,649)**	(3,596)	(455,490)	(445,724)	(351,871)
Non-controlling interests	**(233,010)**	(32,902)	–	–	–
Equity attributable to owners of the Company	**469,432**	182,856	(359,963)	(352,330)	(188,142)

Corporate Information

DIRECTORS

Executive Directors

Dr. Wong, Kennedy Ying Ho[b, c], BBS, J.P., *Chairman*
Mr. Chui Chuen Shun[b]
Dr. Hui Ho Ming, Herbert, J.P.
Mr. Mung Kin Keung
Dr. Liu Wang Zhi *(appointed on 12 July 2010)*

Non-executive Directors

Mr. Yin Richard Yingneng[c] *(resigned after end of business on 19 July 2010)*
Mr. Kung Ho *(appointed on 13 April 2010)*

Independent Non-executive Directors

Mr. Fan, Anthony Ren Da[a, b, c]
Ms. Estella Yi Kum Ng[a, b, c]
Mr. Wong Kam Wing[a, b, c]

[a] Member of the Audit Committee
[b] Member of the Remuneration Committee
[c] Member of the Nomination Committee

COMPANY SECRETARY

Mr. Michael Sui Wah Wong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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