NOBLE JEWELRY HOLDINGS LIMITED
億鑽珠寶控股有限公司

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 00475)

2011
ANNUAL REPORT

CORPORATE MISSION

To be a Leading International Jewelry Service Provider by rendering Innovative, Quality, Brand and Efficient Products and Services.

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Chan Yuen Hing *(Chairman)*
Mr. Tang Chee Kwong *(Chief Executive Officer)*
Ms. Chan Lai Yung
Mr. Lai Wang
Mr. Setiawan Tan Budi
Mr. Tsang Wing Ki, *FCCA, FCPA*

Independent non-executive Directors

Mr. Chan Cheong Tat
Mr. Tang Chiu Ming Frank
Mr. Yu Ming Yang

Audit Committee

Mr. Chan Cheong Tat *(Chairman)*
Mr. Tang Chiu Ming Frank
Mr. Yu Ming Yang

Remuneration Committee

Mr. Tang Chee Kwong *(Chairman)*
Mr. Chan Cheong Tat
Mr. Yu Ming Yang

Nomination Committee

Mr. Tang Chee Kwong *(Chairman)*
Mr. Chan Cheong Tat
Mr. Yu Ming Yang

Company Secretary

Mr. Sin Lap Poon, *ACIS, ACS*

Head Office and Principal Place of Business in Hong Kong

Flat M, 12/F.,
Phase 3, Kaiser Estate
11 Hok Yuen Street
Hung Hom
Kowloon
Hong Kong

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Share Registrar

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

China Construction Bank (Asia) Corporation Limited
CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Wing Hang Bank, Limited

Legal Adviser

Stephenson Harwood

Auditor

BDO Limited

Company Website

www.noble.com.hk

Stock Code

00475


NEW YORK
CHAD
ALLISON

To Our Shareholders,

On behalf of the board of directors ("Directors") of Noble Jewelry Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively "Noble Jewelry" or the "Group") for the year ended 31 March 2011.

Mr. Chan Yuen Hing, Johnny
Chairman

During the review year, an upswing in the global economy saw the jewelry market benefit from increasingly strong consumption sentiment, particularly in Asia. Traditional markets, including the US and Europe also showed signs of recovery from the economic crisis of the past two years. The positive developments of the aforesaid markets enabled the Group to achieve significant improvement in the first half of the financial year, and the momentum continued in the second half year.

While revival of traditional and new markets had a positive influence on the Group's revenue, particularly in the case of the latter, which includes China and Indonesia, the Group's focus on diversifying across different customer segments and geographical markets, as well as increasing bulk purchases from corporate clients were other proven strategies in realizing business growth.

Of course the review year was not without its challenges. Inflation has become a worldwide concern, while more specific to our industry has been the rising cost of raw materials, including gold and diamonds. To alleviate cost pressure, we were able to transfer a large percentage of price increases to our customers. Moreover, by better managing logistics related activities and employing effective cost controls, the Group was able to safeguard its operating profits.

Our retail operation, particularly in China, sought to overcome numerous challenges during the year. We continuously reviewed the '珍诺尔' directly-operated stores operation with the aim of increasing its contributions to the Group to a more reasonable level. By collaborating with Shanghai Chenghuang Jewellery via the joint operation of a jewelry shopping mall, we were able to strengthen our presence in eastern China. This new business relationship will not only enable us to stake claim to a strategic retail location in the heart of Hangzhou but also share in rental income. Extension of our presence to the northern reaches of the country has been achieved by cooperating with a Shandong distributor — the Group offering products for sale through the distributor's sales network.

While growing in a steady manner, the Group has constantly reviewed its various new business collaborations, such as the roadshow business among Sam's Clubs in the US, making ensure that the cost effectiveness of such investments is evident.

Outlook

China will continue to be a market of intense interest for Noble Jewelry in the coming year. That said, the local market's ability to spur the Group's growth may be compromised by uncertainties hovering over its economy. Consequently, our objective will be to bolster our wholesale business while concurrently review our retail business operations.

In terms of the former, we will focus on diversifying across different markets and customer segments, as well as seek to secure a greater number of corporate clients. Concerning the latter, we will employ a prudent expansion strategy while also actively explore opportunities to collaborate with partners that have solid local experience and an established retail network that we can access. By utilizing China as a springboard for growth, we trust that Noble Jewelry will further enhance its stature in the jewelry industry while delivering greater returns to shareholders.

Appreciation

On behalf of the board, I would like to express my appreciation to the management and staff for their commitment to the stable growth of Noble Jewelry. I wish to also offer my gratitude to the Group's shareholders, customers and business partners for their continuing support.

Chan Yuen Hing
Chairman

Hong Kong, 24 June 2011


NOBLE
Your International Fine Jewelry Specialist
www.noble.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

Thanks to the healthy recovery of the global economy and better seasonal performance in the second half of the financial year, the Group achieved steady business growth during the year under review. Turnover rose by 23.4% to HK$643.4 million compared with HK$521.3 million in the previous financial year while gross profit grew by 10.0% from HK$137.9 million to HK$151.7 million. Net profit attributable to shareholders amounted to HK$7.6 million (2010: HK$3.1 million). Basic earnings per share were 2.8 HK cents (2010: 1.2 HK cents).

To reserve cash, the board of directors ("Director(s)") of the Company (the "Board") did not recommend the payment of a final dividend for the year ended 31 March 2011 (2010: Nil).

Business Review

Sales Analysis by Geographical Market

With the faster growth rate in emerging economies which stimulated the appetite of consumers, the Group's sales in the Middle East soared by 35.8% to HK$165.0 million, 25.6% of total turnover. Aided by an encouraging sales performance in the United Kingdom, sales in Europe recorded a growth of 1.1% to HK$165.1 million. This marked the largest market of the Group, making up 25.7% of total turnover. Increased demand in mature markets drove up the sales in America, which reported significant growth of 32.8% to HK$111.7 million, or 17.4% of total turnover.

Led by a significant order volume from Indonesia, sales to Asia Pacific countries (excluding the People's Republic of China ("PRC")) increased by 26.5% to HK$121.9 million and accounted for 18.9% of total turnover. The massive earthquake that struck Japan in March had little immediate impact on the Group's business up to the present, nor was the supply of raw materials affected. The Group was able to achieve respectable growth in its China business, with sales in the PRC market (excluding Hong Kong) rising by 54.5% to HK$63.5 million, accounting for 9.9% of total turnover. Expansion in newly emerging markets in Africa and Indonesia has been progressing well as attested by encouraging sales growth.

Margin Analysis

Due to a surge in gold and diamond prices, continuous rise in production costs and increased volume of lower margin orders during the year under review, the Group's gross profit margin declined to 23.6%, compared with 26.5% in the last corresponding period. The Group has been dedicated to implementing and strengthening cost control measures to mitigate the aforementioned cost factors. A higher degree of recycling of outmoded jewelry pieces was adopted to alleviate the cost pressure from rising raw materials prices. Previously proven measures were reinforced as well, including more direct sourcing from suppliers in India to reduce raw material cost, and bulk purchases of raw materials to gain larger discounts. Moreover, the Group was able to transfer part of the cost increases by lifting its selling prices to customers. Additional cost control measures implemented were transferring specific operations from the Hong Kong office to the operations center in China, bolstering production efficiency leading to lean manufacturing, and employing sophisticated designs and advanced techniques for creating and setting clustered diamonds. As a result of implementing such measures and excluding an one-off provision of HK$10.5 million for the underpayment of customs duty in prior years, net profit attributable to the owners of the Company for the year was HK$18.1 million, representing a 6-fold increase in net profit over the last corresponding period.

Wholesale Business

Through continuous efforts in diversifying both in terms of markets and customers, the Group obtained a greater volume of orders from Indonesia and the Middle East. The wholesale business, including Original Design Manufacturing (ODM) and Original Brand Manufacturing (OBM), continued to be a major revenue source to the Group. Turnover from the business grew by 21.2% to HK$585.8 million (2010: HK$483.5 million), accounting for 91.0% of total turnover. The Group's business development strategy has successfully delivered sustainable growth. The customer knowledge management ("CKM") system has optimized the Group's efforts toward servicing those financially stronger customers with greater potential to expand their business, as well as customers who can generate significant recurring revenue and are more readily able to accept price increases. In addition, the comprehensive Original Strategy Management (OSM) program provides assistance in devising and supporting the business development strategies of customers, helping the Group to forge closer ties with current and prospective customers.

Retail and Brand Business

The retail and brand business, though recorded steady growth with total sales of HK$29.2 million, still faced strong competition and challenges. As at 31 March 2011, the Group operated a total of 10 directly-operated stores ("DOS"), 珍诺尔, within China in cities such as Shanghai, Nanjing, Hangzhou and Panyu. The branded products of Chad Allison and LAVITA continued to be our way to exploit the Group's retail network in China. In overseas markets, Chad Allison in the US and OriDiam in Spain showed further improvement in sales following restructuring and re-branding activities.

The Group also continued to explore new modes of retail business during the year under review. It has set up a joint venture with Shanghai Chenghuang Jewellery, in which the Group holds 33% interest, to explore the possibility of operating large-scale department stores for retail jewelry business in China. The joint venture is planned to jointly operate a newly established jewelry shopping mall, within a luxury hotel located in a prime district of Hangzhou. The mall will feature Noble Jewelry's DOS and other retail jewelry shops.

Sales Network Collaboration

The Group generated a turnover of HK$28.4 million from the business during the year. By collaborating with a Shandong distributor, the Group sought to extend its distribution network across the northern PRC, carrying a variety of jewelry products. As for the jewelry road show business in selected locations within Sam's Club, operated by Wal-Mart in the United States ("US"), the Group is to conduct an operational review to optimize the business. In view of the high potential of the wedding jewelry market in the PRC, the Group has formed a joint venture with a wedding etiquette and ancillary services provider in China and is continuing to explore related business opportunities.

Prospects

The improving global economy should continue to drive the rising demand for luxury goods. With a faster pace of growth in emerging economies as well as countries in the Asia Pacific, the management remains optimistic about the Group's business performance in the upcoming financial year. Nevertheless, cost concerns arising from inflationary pressures are ascending to the top of the agenda of most business operators when the global economy is on the path of recovery. Noble Jewelry remains persistent in strengthening its business fundamentals and cost control to facilitate long-term growth.

Wholesale Business

The Group expects that the wholesale business will remain its core business and growth driver in the near future. The Group will maintain its focus on extending its customer base to different market segments, especially potential markets in the Middle East and Indonesia. Developing corporate clients who demand bulk purchases will be one of the Group's priorities as well. In addition, efforts will continue to be placed on enlarging and optimizing the product mix, which has been key to success in strengthening ties with existing and potential customers. Strategic development of the CKM system, which has proven to be an effective tool for managing customer portfolio and resources allocation, will continue as well. Consolidation of a PRC logistics base with its Hong Kong counterpart and new head office in Hong Kong will ensure that a higher level of cost-efficiency in both operations and administration terms is achieved.

Retail and Brand Business

The Group will constantly review its existing DOS across the PRC and will consider closing less profitable stores when appropriate. Leveraging its collaboration with Shanghai Chenghuang Jewellery for establishing its jewelry retail business within jointly operated shopping malls, the Group will consider developing its DOS business through this platform, enabling the Group to enjoy shop rental and commission incomes. As for the brand business, the Group expects steady growth of Chad Allison in the US and OriDiam in Spain under prudent operation review and brand building.

Sales Network Collaboration

The Group will evaluate its business within Sam's Club in order to review the sustainability of this investment. Meanwhile, greater efforts will be placed on collaborating with the Shangdong distributor and wedding etiquette and ancillary services provider, adhering to an overarching strategy to focus on China and to consolidate the Group's business-to-business-to-customer (B2B2C) activities.

Moving forward, apart from strengthening its established wholesale jewelry business, the Group will step up efforts in developing its retail distribution channels, while containing costs and consolidating its product development capability. The Group will remain active yet prudent in exploring more potential business collaboration opportunities with respective partners, in a bid to opening up new income streams and maximizing profit margins.

Liquidity and Financial Resources

As at 31 March 2011, the Group's liquidity and financial resources were more directed to the inventories of the current assets with a view to capturing reviving demands from the recovery of the global economy and increasingly strong consumption sentiment.

As at 31 March 2011, the Group's net current assets and current ratio stood at HK$105.4 million and 1.2 respectively (2010: HK$140.2 million and 1.5 respectively). Net gearing ratio (total interest bearing borrowings net of cash at banks and in hand as a percentage of total equity less other intangible assets) was 88.9% as at 31 March 2011 (2010: 45.0%). The decrease in net current assets and the increase in net gearing ratio for the year under review were mainly attributable to the significant increase in bank borrowings and the decrease in cash at banks during the year.

The Group's total borrowings including bank overdrafts and bank loans as at 31 March 2011 were increased by 79.0% over last year to HK$258.1 million (2010: HK$144.2 million), of which the total bank borrowings in US dollar amounted to US$7.3 million (2010: US$1.1 million).

The Group's banking facilities, comprising primarily bank overdrafts and bank loans, amounted to HK$316.3 million as at 31 March 2011, out of which approximately HK$58.2 million was unutilised.

As at 31 March 2011, the Group's cash at banks and in hand amounted to HK$14.3 million (2010: HK$27.5 million).

Charges on Group Assets

As at 31 March 2011, banking facilities were secured by the pledge of the Group's leasehold land and buildings with carrying amount of HK$38.0 million (2010: HK$10.3 million).

Capital Structure

For the year ended 31 March 2011, the Group financed its liquidity requirements through a combination of cash flow as generated from operation and bank borrowings.

Capital Commitment and Contingent Liabilities

As of 31 March 2011, the Group has HK$7.8 million of capital commitments (2010: HK$2.4 million).

In year 2010, the US Customs Service (the "US Government") initiated an investigation on the payment of custom duty for shipments to the US on certain group companies. It mainly relates to a dispute over the custom duty for the purchases from the Group's wholly-owned subsidiary in prior years. The investigation is in progress and a final settlement has not yet been reached. After taking professional advice from the Group's US legal adviser, a provision of HK$13,650,000 (2010: HK$3,170,000) has been made for custom duty under-provided in prior years and related damages and penalties to the US Government.

Staff and Remuneration Policy

As at 31 March 2011, the Group had a total of 804 employees (2010: 889). Staff costs for the year ended 31 March 2011 was HK$94.2 million, representing an increase of 11.5% as compared to 2010 of HK$84.5 million. The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

The Group has approved and adopted a share option scheme on 26 February 2007 for its employees and other eligible participants with a view to providing an incentive to or as a reward for their contributions to the Group. An aggregate of 2,110,000 share options were outstanding as at the date of this Annual Report.

Foreign Exchange Fluctuation and Hedges

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars, British Pounds, Euros, Japanese Yen and China Renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

During the year, the Group entered into forward foreign currency contracts. The purpose is to manage the currency risks arising from the Group's operations.

At 31 March 2011, no forward foreign currency contracts are designated in hedging accounting relationships (2010: Nil).

TRADESHOW OVERVIEW

2010	Tradeshow	Country/City
Mar 30 – Apr 4	28th MidEast Watch & Jewellery Show, Sharjah	UAE (Sharjah)
May 22 – 26	Charm (VicenzaOro Spring)	Italy (Vicenzarao)
May 31 – Jun 3	G.L.D.A. Las Vegas Gem & Jewelry Show	USA (Las Vegas)
Jun 4 – 7	JCK Las Vegas Show	USA (Las Vegas)
Jun 24 – 27	June Hong Kong Jewellery & Gem Fair 2010	Hong Kong
Jul 25 – 28	JA New York Summer Show	USA (New York)
Sept 5 – 8	International Jewellery London (IJL)	UK (London)
Sept 10 – 14	Choice (VicenzaOro Autumn)	Italy (Vicenza)
Sept 11 – 15	Junwex Moscow	Russia (Moscow)
Sept 16 – 20	September Hong Kong Jewellery & Gem Fair	Hong Kong
Sept 28 – Oct 2	29th MidEast Watch & Jewellery Autumn Show, Sharjah	UAE (Sharjah)
Oct 8 – 11	Jewelers International Showcase (JIS)	USA (Miami)
Oct 24 – 26	JANY Special Delivery Show	USA (New York)
Oct 26 – 30	Jewellery Arabia, Bahrain	UAE (Bahrain)

2011	Tradeshow	Country/City
Jan 15 – 20	First (VicenzaOro Winter)	Italy (Vicenza)
Jan 22 – 24	Jewelers International Showcase (JIS)	USA (Miami)
Feb 6 – 10	Spring Fair International	UK (Birmingham)
Feb 25 – 28	Inhorgenta Europe	Germany (Munich)
Feb 27 – Mar 1	JA New York Winter Show	USA (New York)
Mar 4 – 8	Hong Kong International Jewellery Show	Hong Kong

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chan Yuen Hing (also known as Mr. Johnny Chan), aged 50, is our chairman and an executive Director. Mr. Johnny Chan is our founder starting the business in 1983 as a sole proprietorship. Mr. Johnny Chan has over 20 years' experience in the jewelry industry and is familiar with the jewelry markets in Hong Kong, the US, Europe, the Middle East and Japan. Mr. Johnny Chan is responsible for overall strategic planning and development. Mr. Johnny Chan completed an advance learning program for an executive master's degree in business administration in the Zhong Shan University (中山大學) in 2004. Mr. Johnny Chan was awarded the Young Industrialist Awards of Hong Kong in 2000.

Mr. Tang Chee Kwong (also known as Mr. Stephen Tang), aged 57, is our chief executive officer and an executive Director. He joined the Group in 2002 and is responsible for business policy formulation and execution. Mr. Stephen Tang had previously worked at Hang Seng Bank for almost 30 years and was a senior relationship manager at the time of his resignation from the bank in 2002. Under sponsorship by Hang Seng Bank, Mr. Stephen Tang completed an executive development program organised by the Kellogg Graduate School of Management at the Northwestern University in the US in 1997. Mr. Stephen Tang is an associate member of The Hong Kong Institute of Bankers and The Chartered Institute of Bankers in the United Kingdom.

Ms. Chan Lai Yung (also known as Ms. Amy Chan), aged 61, is an executive Director. She joined the Group in 1992 and is responsible for reviewing and improving the operations of the Group. Ms. Amy Chan has over 15 years' operational and management experience in the jewelry industry. Ms. Amy Chan obtained a bachelor's degree in business administration from the Open University of Hong Kong in 2007.

Mr. Lai Wang ("Mr. Lai"), aged 44, is an executive Director. He joined the Group in 2004 and is responsible for the production and operation management of the Group. Mr. Lai obtained a master's degree in business administration from the Hong Kong Baptist University in 2008. Mr. Lai has over 10 years' experience in production management.

Mr. Setiawan Tan Budi ("Mr. Setiawan"), aged 32, is an executive Director. He jointed the Group in 2006 and is currently responsible for the overall procurement management of raw material of the Group. Mr. Setiawan obtained a master's degree in information technology from Charles Sturt University in 2004. Mr. Setiawan has over 4 years' experience in procurement of raw material for jewelry production. Mr. Setiawan was appointed as an executive Director on 1 January 2011.

Mr. Tsang Wing Ki (also known as Mr. Edmond Tsang), aged 49, is an executive Director. He joined the Group in 2005 and is responsible for the financial and accounting matters of the Group. Mr. Edmond Tsang obtained a master's degree in professional accounting from the Hong Kong Polytechnic University in 2000. Mr. Edmond Tsang is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Edmond Tsang has over 20 years' experience in the auditing and financial accounting. Mr. Edmond Tsang is currently an independent non-executive director of Unity Investments Holdings Limited (stock code: 00913) whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Independent Non-executive Directors

Mr. Chan Cheong Tat (also known as Mr. Roger Chan), aged 61, was appointed as an independent non-executive Director in October 2006. Mr. Roger Chan served in the Inland Revenue Department of the Government of the Hong Kong Special Administrative Region for over 30 years and was the Assistant Commissioner of Inland Revenue Department when he retired in 2005. Mr. Roger Chan obtained his master's degree in financial management from Central Queensland University in 1995. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and CPA Australia. He is also an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. Mr. Roger Chan is currently an independent non-executive director of Guangdong Tannery Limited (stock code: 01058) whose shares are listed on the Stock Exchange and managing director of CT Tax Consultants Co., Limited.

Mr. Tang Chiu Ming Frank (also known as Mr. Frank Tang), aged 67, was appointed as an independent non- executive Director in February 2008. Mr. Frank Tang has over 30 years' experience in the jewelry industry and was the founding chairman of The Hong Kong Jewelry Manufacturers' Association. Mr. Frank Tang is currently the chief executive officer of ACCA Jewelry Limited.

Mr. Yu Ming Yang ("Mr. Yu"), aged 47, was appointed as an independent non-executive Director in October 2006. Mr. Yu obtained his doctorate in economics from Fudan University in 1996 and has been a professor of Shanghai Jiaotong University since September 2005. Mr. Yu is currently an independent non-executive director of Carpenter Tan Holdings Limited (stock code: 00837) whose shares are listed on the Stock Exchange.

Senior Management

Mr. Sin Lap Poon (also known as Mr. Eddie Sin), aged 38, is the company secretary and assistant director of administration of the Group. He joined the Group in 2004 and is responsible for the Group's human resources, administration and company secretarial matters. Mr. Eddie Sin obtained a master's degree in professional accounting and information systems from the City University of Hong Kong in 2004 and a bachelor's degree in laws from the University of London in 2010. Mr. Eddie Sin is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators of the United Kingdom. He has over 10 years' experience in human resources, administration and company secretarial duties.


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Directors of the Company are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2011.

Principal Activities

The Group is principally engaged in the design, manufacture and trading of fine jewelry products. The principal activities of the Company's subsidiaries are set out in note 18 to the financial statements.

Results and Dividends

The Group's profit for the year ended 31 March 2011 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 35 to 95 of this Annual Report.

The Board did not recommend the payment of a final dividend for the year ended 31 March 2011 (2010: Nil).

Closure of Register of Members

The register of members will be closed from Wednesday, 3 August 2011 to Friday, 5 August 2011 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the forthcoming annual general meeting to be held on 5 August 2011 (the "Annual General Meeting"), all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 2 August 2011.

Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 96 of this Annual Report.

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 31 to the financial statements and in the consolidated statement of changes in equity, respectively.

Subsidiaries

Particulars of the Group's principal subsidiaries are set out in note 18 to the financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the financial statements.

Borrowings

Details of the borrowings of the Group are set out in note 24 to the financial statements.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 29 to the financial statements.

Directors

The Directors during the year and up to the date of this Annual Report are:

Executive Directors:

Mr. Chan Yuen Hing *(Chairman)*
Mr. Tang Chee Kwong *(Chief Executive Officer)*
Ms. Chan Lai Yung
Mr. Chan Wing Nang (resigned on 1 April 2011)
Mr. Lai Wang
Mr. Setiawan Tan Budi (appointed on 1 January 2011)
Mr. Tsang Wing Ki

Independent non-executive Directors:

Mr. Chan Cheong Tat
Mr. Tang Chiu Ming Frank
Mr. Yu Ming Yang

In accordance with Article 87 of the articles of association of the Company, Mr. Chan Yuen Hing, Mr. Tsang Wing Ki and Mr. Tang Chiu Ming, Frank shall retire from office by rotation, being eligible, offer themselves for re-election at the Annual General Meeting.

In accordance with Article 86(3) of the articles of association of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Mr. Setiawan Tan Budi, having been appointed as Director on 1 January 2011 to fill a casual vacancy, shall retire from office at the Annual General Meeting and, being eligible, offers himself for re-election at the Annual General Meeting.

The biographical details of the Directors are set out under the section "Directors and Senior Management" of this Annual Report.

Confirmation of Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") from each of the independent non-executive Directors and the Company considers such Directors to be independent.

Directors' Service Contracts

None of the Directors proposed for re-election at the Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Emoluments

Details of the remuneration of the Directors for the year ended 31 March 2011 are set out in note 12 to the financial statements.

Share Option Scheme

The Group has approved and adopted a share option scheme on 26 February 2007 for its employees and other eligible participants with a view to provide an incentive to or as a reward for their contribution to the Group. Details of the movements of share options granted during the year under review and outstanding as at 31 March 2011 are as follows:

	Number of share options							
	At 1 April 2010	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 March 2011	Exercise period (both dates inclusive)	Exercise price HK$	Closing price immediately before the date of grant HK$
Directors:								
Chan Yuen Hing	100,000	—	—	—	100,000	1 February 2010 to 31 January 2012	1.27	1.27
	100,000	—	—	—	100,000	1 February 2011 to 31 January 2012	1.27	1.27
Tang Chee Kwong	100,000	—	—	—	100,000	1 February 2010 to 31 January 2012	1.27	1.27
	100,000	—	—	—	100,000	1 February 2011 to 31 January 2012	1.27	1.27
Chan Lai Yung	100,000	—	—	—	100,000	1 February 2010 to 31 January 2012	1.27	1.27
	100,000	—	—	—	100,000	1 February 2011 to 31 January 2012	1.27	1.27
Chan Wing Nang	75,000	—	—	—	75,000	1 February 2010 to 31 January 2012	1.27	1.27
	75,000	—	—	—	75,000	1 February 2011 to 31 January 2012	1.27	1.27
Lai Wang	50,000	—	—	—	50,000	1 February 2010 to 31 January 2012	1.27	1.27
	50,000	—	—	—	50,000	1 February 2011 to 31 January 2012	1.27	1.27
Tsang Wing Ki	75,000	—	—	—	75,000	1 February 2010 to 31 January 2012	1.27	1.27
	75,000	—	—	—	75,000	1 February 2011 to 31 January 2012	1.27	1.27
Total Directors	1,000,000	—	—	—	1,000,000			
Employees	730,000	—	—	(100,000)	630,000	1 February 2010 to 31 January 2012	1.27	1.27
	730,000	—	—	(100,000)	630,000	1 February 2011 to 31 January 2012	1.27	1.27
Total Employees	1,460,000	—	—	(200,000)	1,260,000			
Total All Categories	2,460,000	—	—	(200,000)	2,260,000			

Directors' Interests in Contracts of Significance

Save as disclosed in the section headed connected transactions below, no contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which the Directors 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.

Directors' Interests and Short Positions in Shares

As at the date of this Annual Report, the interests and short positions of the Directors of the Company and their associates in the shares and underlying shares of the Company (the "Shares") as recorded in the register to be kept under Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

Long Positions

Ordinary Shares of HK$0.01 each

Name of Director	Capacity	Number of issued ordinary Shares held (including underlying Shares) *(Note 1)*	Percentage of the issued ordinary share capital of the Company
Mr. Chan Yuen Hing	*(Note 2)*	173,292,000	63.78%
Mr. Tang Chee Kwong	Beneficial owner	5,202,000	1.91%
Ms. Chan Lai Yung	*(Note 3)*	3,238,000	1.19%
Mr. Lai Wang	Beneficial owner	100,000	0.04%
Mr. Tsang Wing Ki	Beneficial owner	310,000	0.11%

Notes:

(1) The share options granted by the Company to Directors which are outstanding as shown under the section "Share Option Scheme" of this Annual Report have been included in the long positions of respective Directors.

(2) Mr. Chan Yuen Hing had a direct interest of 200,000 Shares which are outstanding share options granted by the Company to subscribe for 200,000 Shares at exercise price of HK$1.27 per Share, a deemed interest of 192,000 Shares and 172,900,000 Shares held by his spouse, Ms. Chiu Nga Fong and First Prospect Holdings Limited ("First Prospect"), a company wholly-owned by Mr. Chan Yuen Hing, respectively within the meaning of Part XV of the SFO.

(3) Ms. Chan Lai Yung had a direct interest of 3,236,000 Shares among which, 200,000 Shares are outstanding share options granted by the Company to subscribe for 200,000 Shares at exercise price of HK$1.27 per Share and a deemed interest of 2,000 Shares held by her spouse, Mr. Kok Sui Sing within the meaning of Part XV of the SFO.

Save as disclosed above, as at the date of this Annual Report, no interest and short position in the Shares or underlying Shares were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company or any of their respective associates which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Connected Transactions

Save as disclosed in the note 35 to the financial statements, no connected transaction has been conducted during the year.

Substantial Shareholders' Interests and Short Positions in Shares

As at the date of this Annual Report, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors and their associates, the following shareholders have notified the Company of relevant interests in the issued share capital of the Company:

Long Positions

Ordinary Shares of HK$0.01 each

Name of Shareholder	Capacity	Number of issued ordinary Shares held	Percentage of the issued ordinary share capital of the Company
First Prospect	*(Note 1)*	172,900,000	63.64%
Mr. Yau John Siu Ying	*(Note 2)*	22,342,000	8.22%

Notes:

(1) The entire issued share capital of First Prospect is owned by Mr. Chan Yuen Hing. Mr. Chan is deemed to be interested in all the Shares in which First Prospect is interested by virtue of the SFO.

(2) Mr. Yau John Siu Ying had a direct interest of 13,884,000 Shares and a deemed interest of 8,458,000 Shares held by Barton Company Limited, a company wholly-owned by Mr. Yau John Siu Ying, within the meaning of the SFO.

Save as disclosed above, as at the date of this Annual Report, no other parties, other than the Directors whose interests are set out in the section "Directors' Interests and Short Positions in Shares" above, had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Major Customers and Suppliers

The percentages of purchases and sales for the year ended 31 March 2011 attributable to the Group's major suppliers and customers are as follows:

Purchases

— the largest supplier	27.7%
— five largest suppliers combined	43.5%

Sales

— the largest customer	6.8%
— five largest customers combined	18.9%

Save as disclosed in note 35(a) to the financial statements, none of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Purchase, Sale or Redemption of the Company's Listed Shares

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed Shares during the year ended 31 March 2011.

Employee Retirement Benefit

Particulars of the retirement scheme of the Group are set out in note 13 to the financial statements.

Corporate Governance

A report on the principal corporate governance practice adopted by the Company is set out in pages 27 to 32 of this Annual Report.

Pre-emptive Rights

There are no pre-emptive or similar rights under the Cayman Islands law or the memorandum and articles of association of the Company which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

As at the date of this Annual Report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Directors' Interests in Competing Business

Mr. Tang Chiu Ming Frank is the chief executive officer of ACCA Jewelry Limited. ACCA Jewelry Limited is a renowned manufacturer and exporter with experience in the international jewelry market including the US, Europe, Japan, South East Asia and China. Mr. Tang Chiu Ming Frank is therefore regarded as being interested in a competing business of the Group.

Mr. Tang Chiu Ming Frank, being an independent non-executive Director of the Company, is not involved in the daily operations of the Company. As such, the Directors consider that the management of the Company and ACCA Jewelry Limited are separate and distinct and the Group is capable of carrying on its business independent of, and at arms length from ACCA Jewelry Limited.

Save as disclosed as aforesaid, none of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

Each of Mr. Chan Yuen Hing, Mr. Tang Chee Kwong and Ms. Chan Lai Yung who are the executive Directors of the Company, has provided annual confirmation to the Company in respect of his/her compliance with the terms of the Non-competition Deed as described in the prospectus dated 30 March 2007.

Significant Events After the Reporting Period

Details of significant events after the reporting period are set out in note 39 to the financial statements.

Auditor

The financial statements have been audited by BDO Limited who retires and, being eligible, offers themselves for re-appointment. A resolution will be proposed to the Annual General Meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Chan Yuen Hing
Chairman

Hong Kong, 24 June 2011


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The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize accountability and transparency and are adopted in the best interest of the Company and its shareholders.

Corporate Governance Practices

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules. The Company has applied the principles and compiled with all the applicable code provisions set out in the Code throughout the year ended 31 March 2011 except for the following deviation.

Under provision E.1.2 of the Code, the chairman of the Board (the "Chairman") should attend the Company's annual general meeting. Owing to another business engagement, Mr. Chan Yuen Hing, the Chairman, was unable to attend the Company's annual general meeting held on 27 August 2010. Mr. Tang Chee Kwong, chief executive officer of the Company who was present at the annual general meeting, chaired the meeting in accordance with the articles of association of the Company.

The Company will continue to review the situation as stated above and to improve the corporate governance practices of the Company when and as it becomes appropriate in future.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, they confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2011.

Board of Directors

The Board sets directions and formulates overall strategies of the Group, monitors its overall performance and maintains effective supervision over the management running the Group through relevant committees of the Board in a sound and efficient manner.

The Roles of the Chairman and Chief Executive Officer

According to code provision A.2.1 of the Code, it stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Chairman of the Company is responsible for the leadership and effective running of the Board and ensuring that all material issues are discussed by the Board in a timely and constructive manner while the chief executive officer is responsible for running the Group's business and the implementation of the approved strategies of the Group. At present, Mr. Chan Yuen Hing serves as Chairman of the Board, while Mr. Tang Chee Kwong serves as the chief executive officer of the Group.

Board Composition

As at the date of this report, the Board comprises nine Directors, including six executive Directors, namely, Mr. Chan Yuen Hing, Mr. Tang Chee Kwong, Ms. Chan Lai Yung, Mr. Lai Wang, Mr. Setiawan Tan Budi and Mr. Tsang Wing Ki and three independent non-executive Directors, namely, Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang. Biographical details of the Directors are set out under the section headed "Directors and Senior Management" on pages 16 to 17 of this Annual Report.

The composition of the Board is in accordance with the requirement of rule 3.10 of the Listing Rules. There are three independent non-executive Directors and one of them has accounting professional qualification. One-third of the members of the Board are independent non-executive Directors.

All the independent non-executive Directors have confirmed in writing to the Company that they have met all the guidelines for assessing their independence as set out in rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

Ms. Chan Lai Yung, an executive Director, is the elder sister of Mr. Chan Yuen Hing, the chairman and an executive Director. Mr. Setiawan Tan Budi, an executive Director, is the nephew of both Mr. Chan Yuen Hing and Ms. Chan Lai Yung. Save as disclosed herein, during the year, none of the other Directors has or maintained any financial, business, family or other material, relevant relationship with any of the other Directors.

Board Meetings

During the year, four full board meetings were held and the attendance of each Director is set out as follows:

Name	Number of meeting(s) held while being a Director	Number of meeting(s) attended
Executive Directors		
Mr. Chan Yuen Hing	4	4
Mr. Tang Chee Kwong	4	4
Ms. Chan Lai Yung	4	4
Mr. Chan Wing Nang (resigned on 1 April 2011)	4	4
Mr. Lai Wang	4	4
Mr. Setiawan Tan Budi (appointed on 1 January 2011)	0	0
Mr. Tsang Wing Ki	4	4
Independent non-executive Directors		
Mr. Chan Cheong Tat	4	4
Mr. Tang Chiu Ming Frank	4	4
Mr. Yu Ming Yang	4	4

Delegation by the Board

The Board has set up three Board committees, namely Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the Company's affairs.

Audit Committee

The Audit Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Audit Committee conforms to the code provision requirements of the Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang. Mr. Chan Cheong Tat is the chairman of the Audit Committee and possesses financial management expertise.

The Audit Committee was set up for the purpose of reviewing the effectiveness of the Group's financial reporting processes and internal control system, reviewing the scope and nature of the audit carried out by the Company's auditor. The Audit Committee meets at least twice a year to discuss any issues from the audit and any other matters the external auditor may wish to raise.

During the year, two meetings were held and the attendance of each member is set out as follows:

Name	**Number of meeting(s) held while being an audit committee member**	**Number of meeting(s) attended**
Mr. Chan Cheong Tat	2	2
Mr. Tang Chiu Ming Frank	2	2
Mr. Yu Ming Yang	2	2

The following is a summary of work performed by the Audit Committee during the year:

1. Reviewed with the management and external auditor of the Company the accounting principles and practices adopted by the Group, the audited financial statements for the year ended 31 March 2010, the effectiveness of the system of internal control of the Company and recommended them to the Board for review and approval;

2. Reviewed with the management of the Company the accounting principles and practices adopted by the Group, discussed the unaudited interim financial statements for the six months ended 30 September 2010 and recommended them to the Board for review and approval;

3. Reviewed with the management of the Company the accounting principles and practices adopted by the Group for the year ended 31 March 2011; and

4. Recommended to the Board the re-appointment of BDO Limited as auditor of the Company.

Remuneration Committee

The Remuneration Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Remuneration Committee conforms to the code provision requirements of the Code. The Remuneration Committee comprises Mr. Tang Chee Kwong, as chairman, Mr. Chan Cheong Tat and Mr. Yu Ming Yang.

The Remuneration Committee was set up for the purpose of reviewing and making recommendations to the Board on the remuneration structure for all Directors and senior management of the Group. The annual emoluments payable to Directors were recommended by the Remuneration Committee, with a view to recruit and retain high-calibre personnel that are valuable to the Group, by making reference to the experience, responsibilities and duties as well as the prevailing market conditions. Details of Directors' remuneration for the year ended 31 March 2011 is set out in note 12 to the financial statements.

During the year, one meeting were held and the attendance of each member is set out as follows:

Name	**Number of meeting(s) held while being a remuneration committee member**	**Number of meeting(s) attended**
Mr. Tang Chee Kwong	1	1
Mr. Chan Cheong Tat	1	1
Mr. Yu Ming Yang	1	1

The following is a summary of work performed by the Remuneration Committee during the year:

1. Determined the remuneration of the Directors.

Nomination Committee

The Nomination Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The Nomination Committee comprises Mr. Tang Chee Kwong, as chairman, Mr. Chan Cheong Tat and Mr. Yu Ming Yang.

The Nomination Committee was set up for the purpose of making recommendations to the Board on appointment of Directors and reviewing the structure, size and composition of the Board on a regular basis.

During the year, two meetings was held and the attendance of each member is set out as follows:

Name	**Number of meeting(s) held while being a nomination committee member**	**Number of meeting(s) attended**
Mr. Tang Chee Kwong	2	2
Mr. Chan Cheong Tat	2	2
Mr. Yu Ming Yang	2	2

The following is a summary of work performed by the Nomination Committee during the year:

1. Reviewed the structure, size and composition of the Board;

2. Recommended to the Board the re-appointment of Mr. Tang Chee Kwong and Mr. Lai Wang as executive Directors and Mr. Chan Cheong Tat and Mr. Yu Ming Yang as independent non-executive Directors; and

3. Recommended to the Board the appointment of Mr. Setiawan Tan Budi as executive Director based on his experience and the composition of the existing Board.

Internal Control

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage the risks of failure in the Group's operational systems and in the achievement of the Group's objectives.

The Board periodically conducts review of the effectiveness of the system of internal controls, covering all material controls including financial, operational and compliance controls and risk management functions.

Resources, qualifications and experience of the Group's accounting staff and financial reporting function, and their training programmes and budget are considered by the Board from time to time.

Directors' and Auditor's Acknowledgement

Directors acknowledge their responsibilities for the preparation of financial statements for the year under review, which give a true and fair view of the state of affairs of the Group at the end of the year under review and of the results and cash flow for that year. The statement issued by the auditor of the Company regarding its reporting responsibilities was set out in detail in the Independent Auditor's Report on pages 33 to 34 of this Annual Report.

Management Function

The Company's articles of association set out matters which are specifically reserved to the Board for its decision. The management team meets together regularly to review and discuss with executive Directors on day-to-day operational issues, financial and operating performance as well as to monitor and ensure the management is carrying out the directions and strategies set by the Board properly.

Auditor's Remuneration

Analysis of remuneration in respect of audit and non-audit service provided by the external auditor, BDO Limited for the year ended 31 March 2011 is as follows:

Nature of services	**Amount HK$'000**
Audit services	1,000
Non-audit services — Interim Review	37
Non-audit services — Others *(Note)*	74
	1,111

Note: The non-audit services mainly consist of tax compliance services.

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TO THE SHAREHOLDERS OF
NOBLE JEWELRY HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Noble Jewelry Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 35 to 95, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 March 2011 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.

BDO Limited
Certified Public Accountants

Ng Wai Man
Practising Certificate Number P05309

Hong Kong, 24 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	6	**643,399**	521,328
Cost of sales		**(491,673)**	(383,409)
Gross profit		**151,726**	137,919
Other revenue	6	**7,941**	2,454
Distribution costs		**(43,587)**	(35,942)
Administrative expenses		**(103,786)**	(91,359)
Other gains and losses	7	**339**	556
Finance costs	9	**(6,473)**	(5,371)
Share of profit/(loss) of associates, net		**4,018**	(336)
Profit before income tax	8	**10,178**	7,921
Income tax expense	10	**(4,405)**	(4,870)
Profit for the year		**5,773**	3,051
Other comprehensive income			
Surplus on revaluation of leasehold land and buildings		**6,837**	—
Exchange differences on translating foreign operations		**2,597**	812
Other comprehensive income for the year, net of tax		**9,434**	812
Total comprehensive income for the year		**15,207**	3,863
Profit attributable to:			
— Owners of the Company		**7,613**	3,140
— Non-controlling interests		**(1,840)**	(89)
		5,773	3,051
Total comprehensive income attributable to:			
— Owners of the Company		**17,047**	3,952
— Non-controlling interests		**(1,840)**	(89)
		15,207	3,863
Earnings per share			
Basic and diluted (HK cents)	16	**2.80**	1.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	31/3/2011 HK$'000	31/3/2010 HK$'000 (Restated)	1/4/2009 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	17	93,636	51,240	49,004
Associates	19	75,167	63,510	62,874
Deposits		—	1,026	1,257
Other assets	20	2,161	2,110	—
Deferred tax assets	28	—	1,041	1,105
		170,964	118,927	114,240
Current assets				
Inventories	21	359,810	264,181	250,615
Accounts receivable	22	132,988	103,683	107,255
Other receivables, deposits and prepayments		15,810	28,803	15,756
Amounts due from related parties	35(c)	15,866	20,747	8,700
Cash at banks and in hand	23	14,303	27,461	14,344
		538,777	444,875	396,670
Current liabilities				
Borrowings	24	258,064	144,169	160,113
Accounts payable	25	112,794	112,350	47,461
Other payables and accrued charges		58,724	45,636	43,681
Amount due to a related party	35(c)	389	1,066	4,363
Obligations under finance leases	26	—	40	119
Derivative financial instruments	27	31	120	—
Tax payables		3,396	1,331	806
		433,398	304,712	256,543
Net current assets		105,379	140,163	140,127
Total assets less current liabilities		276,343	259,090	254,367

As at 31 March 2011

	Notes	31/3/2011 HK$'000	31/3/2010 HK$'000 (Restated)	1/4/2009 HK$'000 (Restated)
Total assets less current liabilities		**276,343**	259,090	254,367
Non-current liabilities				
Deferred tax liabilities	*28*	**1,017**	—	—
Obligations under finance leases		**—**	—	40
		1,017	—	40
NET ASSETS		**275,326**	259,090	254,327
Equity				
Share capital	*29*	**2,717**	2,717	2,717
Reserves	*31*	**272,609**	255,562	251,610
Equity attributable to owners of the Company		**275,326**	258,279	254,327
Non-controlling interests		**—**	811	—
TOTAL EQUITY		**275,326**	259,090	254,327

These financial statements were approved and authorised for issue by the board of directors on 24 June 2011.

Chan Yuen Hing	**Tang Chee Kwong**
Director	*Director*

STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Interests in subsidiaries	*18*	**230,789**	231,342
Current assets			
Cash at banks and in hand		**130**	131
Current liabilities			
Other payables and accrued charges		**238**	239
Net current liabilities		**(108)**	(108)
NET ASSETS		**230,681**	231,234
Equity			
Share capital	*29*	**2,717**	2,717
Reserves	*31*	**227,964**	228,517
TOTAL EQUITY		**230,681**	231,234

These financial statements were approved and authorised for issue by the board of directors on 24 June 2011.

Chan Yuen Hing
Director

Tang Chee Kwong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to owners of the Company									
	Share capital	**Share premium**	**Merger reserve**	**Capital reserve**	**Revaluation reserve**	**Exchange reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2009	2,717	79,836	1,593	1,445	—	7,625	161,111	254,327	—	254,327
Profit or loss	—	—	—	—	—	—	3,140	3,140	(89)	3,051
Other comprehensive income	—	—	—	—	—	812	—	812	—	812
Total comprehensive income for the year	—	—	—	—	—	812	3,140	3,952	(89)	3,863
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	900	900
At 31 March 2010	2,717	79,836	1,593	1,445	—	8,437	164,251	258,279	811	259,090
Profit or loss	—	—	—	—	—	—	7,613	7,613	(1,840)	5,773
Other comprehensive income	—	—	—	—	6,837	2,597	—	9,434	—	9,434
Total comprehensive income for the year	—	—	—	—	6,837	2,597	7,613	17,047	(1,840)	15,207
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	1,029	1,029
At 31 March 2011	2,717	79,836	1,593	1,445	6,837	11,034	171,864	275,326	—	275,326

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Cash flows from operating activities		
Profit before income tax	10,178	7,921
Adjustments for:		
Share of (profit)/losses of associates, net	(4,018)	336
Depreciation of property, plant and equipment	10,422	5,709
Provision for bad and doubtful debts, net	1,195	4,524
Write-down of inventories	318	139
Loss on disposal of property, plant and equipment	—	8
Write-off of amounts due from related parties	—	548
Net fair value losses of forward foreign currency contracts and interest rate swap contract that do not qualifying as hedges	31	120
Bank interest income	(449)	(64)
Interest expenses	4,878	3,777
Operating cash flows before working capital	22,555	23,018
Increase in inventories	(96,763)	(13,968)
Increase in accounts receivable	(30,500)	(952)
Decrease/(increase) in other receivables, deposits and prepayments	12,993	(13,047)
Decrease/(increase) in amounts due from related parties	4,881	(12,595)
Increase in accounts payable	444	64,889
Increase in other payables and accrued charges	13,088	1,955
Decrease in amount due to a related party	(677)	(3,297)
Effect of change in foreign exchange rate	2,795	(110)
Cash (used in)/generated from operations	(71,184)	45,893
Income tax paid	(2,381)	(4,281)
Interest element of finance lease payments	(1)	(13)
Interest paid	(4,877)	(3,764)
Net cash (used in)/generated from operating activities	(78,443)	37,835

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	106	44
Payments to acquire property, plant and equipment	(41,855)	(7,536)
Payments for acquisition of other assets	—	(2,110)
Capital contribution from non-controlling shareholders	1,029	900
Interest received	449	64
Acquisition of associates	(8,619)	—
Net cash used in investing activities	(48,890)	(8,638)
Cash flows from financing activities		
Increase in trust receipts and other loans	69,647	5,197
Repayment of finance lease obligations	(40)	(119)
New bank loans raised	49,506	66,487
Repayment of bank loans	(10,191)	(81,180)
Net cash generated from/(used in) financing activities	108,922	(9,615)
Net (decrease)/increase in cash and cash equivalents	(18,411)	19,582
Effect of change in foreign exchange rate	320	(17)
Cash and cash equivalents at beginning of year	27,452	7,887
Cash and cash equivalents at end of year	9,361	27,452
Analysis of the balances of cash and cash equivalents		
Cash at banks and in hand	14,303	27,461
Less: Bank overdrafts	(4,942)	(9)
	9,361	27,452

1. GENERAL

Noble Jewelry Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability on 25 August 2006 under the Companies Law of the Cayman Islands and acts as an investment company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report. The principal activities of its subsidiaries are set out in note 18.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
Amendments to HKAS 32	Classification of Rights Issues
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements — Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of these new or revised standards and interpretations has no significant impact on the Group's financial statements.

HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Revised) – Consolidated and Separate Financial Statements

The revised accounting policies are described in note 4 to the financial statements, which are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the financial statements as there has been no business combination transaction during the year.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(a) Adoption of new/revised HKFRSs (Continued)

HKAS 17 (Amendments) – Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The Group concluded that the adoption of HKAS 17 has had no impact on the consolidated financial statements.

HK Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

In order to comply with the requirements of HK Interpretation 5, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the statement of financial position. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1 April 2009, with consequential reclassification adjustments to comparatives for the year ended 31 March 2010. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(a) Adoption of new/revised HKFRSs (Continued)

HK Interpretation 5 — Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Continued)

Effect of adoption of HK Interpretation 5 on the consolidated statement of financial position

	31/3/2011 HK$'000	31/3/2010 HK$'000	1/4/2009 HK$'000
Increase/(decrease) in			
Current liabilities			
Borrowings	**19,969**	14,408	22,851
Non-current liabilities			
Borrowings	**(19,969)**	(14,408)	(22,851)

As a result of the above retrospective reclassification and restatement, an additional consolidated statement of financial position is presented in accordance with HKAS 1 Presentation of Financial Statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1&2]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
Amendments to HKFRS 7	Disclosure — Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]

1 Effective for annual periods beginning on or after 1 July 2010
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for the leasehold land and buildings and derivatives, which are measured at revalued amount and fair values respectively as explained in the accounting policies set out below.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Business combination from 1 April 2010

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

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Business combination and basis of consolidation (Continued)

Business combination prior to 1 April 2010

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connected with business combinations were capitalised as part of the cost of the acquisition.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group are recognised profit or loss. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary.

(b) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

Investments in subsidiaries are included in the Company's statement of financial position at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Associates

An associate is an entity over which the Group holds for long term and is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, the investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Associates (Continued)

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

Where a group entity transacts with an associate of the Group, unrealised gains and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the assets transferred.

(d) Property, plant and equipment

Leasehold land and buildings held for use in production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of reporting period.

Any revaluation increase arising on the revaluation of such properties is recognised in other comprehensive income and accumulated in equity under revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such properties is charged to profit or loss to the extent that it exceeds the balance, if any held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued properties is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained profits.

Other property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Historical cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the asset or a separate asset.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment (Continued)

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of reporting period. The principal annual rates are as follows:

Leasehold land	Over the lease term
Buildings	2%
Leasehold improvements	Over the remaining term of the lease but not exceeding 5 years
Furniture, fixtures and machinery	20%
Motor vehicles	30%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

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 is calculated as the difference between the net sales proceeds and the carrying amount of the item and is recognised in profit or loss in the year in which the item is derecognised.

(e) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and investments in subsidiaries and associates to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have reduced. 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes cost of purchase of materials computed using the first-in-first-out method. Net realisable value is determined by reference to the anticipated sales proceeds of items sold in the ordinary course of business less estimated cost of completion and estimated selling expenses after the end of reporting period or to management estimates based on prevailing market conditions.

(g) Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, are initially measured at fair value, plus transaction costs that are directly attributable to the acquisition of the financial assets. The Group's financial assets are subsequently accounted for as follows, depending on their classification:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each of the reporting period subsequent to initial recognition, loans and receivables (including accounts and other receivables and bank balances) are carried at amortised cost using the effective interest method, less any impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each 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 investment have been impacted.

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; or

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss determined and recognised as follows:

For trade and other current receivables, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material.

This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which has been determined had no impairment loss been recognised in prior years.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

(i) 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 through the expected life of the financial asset, or where appropriate, a shorter period.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and has transferred substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangement 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 Company after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Equity instruments

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

Financial liabilities

Financial liabilities, including accounts and other payables and borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

(ii) Financial liabilities and equity (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(h) Derivative financial instruments

The Group enters into forward foreign currency contracts to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments, hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments, or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(i) Leases

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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leases (Continued)

The land and buildings elements of property leases are considered separately for the purposes of lease classification. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of land and buildings as a finance lease in property, plant and equipment.

(j) Provisions and contingent liabilities

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

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

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current 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 expenses 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 reporting period.

(ii) Deferred tax

Deferred tax liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. However, 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. Taxation rates enacted or substantively enacted by the end of reporting period are used to determine deferred taxation.

The carrying amount of deferred tax assets is reviewed at the end of each 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Taxation (Continued)

(ii) Deferred tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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 and interests 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.

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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of 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 reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(l) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are expressed in Hong Kong dollars which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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 included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Foreign currencies (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollars using exchange rates prevailing on the end of reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under exchange reserve. Exchange differences on monetary items such as receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, reclassified from profit or loss to equity under exchange reserve. These translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(m) Employees' benefits

(i) Short term benefits

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

(ii) Pension obligations

The full time employees of the Group are covered by various government-sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulae. These government-sponsored pension plans are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no legal or constructive obligation for retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

(n) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Share-based payments (Continued)

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of each reporting period.

(o) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and returns.

(i) Revenue from the sale of products is recognised when the Group entity has delivered goods to the customer which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

(ii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding using the effective interest method.

(iii) Revenue for providing services is recognised to the extent of services rendered and according to the terms of the agreement.

(iv) Rental income from operating leases is recognised on straight-line basis over the terms of relevant lease.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results differ from these estimates.

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

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Write-downs of inventories to net realisable value

The Group writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

(c) Impairment of accounts and other receivables

The Group makes provision for impairment of accounts and other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to accounts and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of accounts and other receivables requires the use of estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed.

(d) Sales return provision

Sales return provision is made by the Group upon the delivery of goods to the customers when the significant risks and rewards of ownership of the goods are transferred to the customers. This provision is recognised by the Group based on the best estimates by management with reference to the past experience and other relevant factors. Any difference between this estimate and the actual return will impact profit or loss in the period in which the actual return is determined.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(e) Assessment of impairment of assets

Management periodically reviews each asset for possible impairment or reversal of previously recognised impairment. Recoverability of assets is measured by a comparison of the carrying amount of an asset to its fair value less costs to sell. If such assets are considered by management to be impaired or no longer be impaired, the impairment or reversal of impairment previously recognised is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets less costs to sell.

6. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION

(a) Turnover represents the invoiced value of goods sold less returns and discounts. Revenues recognised during the year are analysed as follows:

	2011	2010
	HK$'000	HK$'000
Turnover		
Sales	**643,399**	521,328
Other revenue		
Sundry income	**5,163**	1,980
Income from wedding etiquette services	**1,929**	—
Bank interest income	**449**	64
Management fee income	**400**	333
Income from sale of raw materials	**—**	77
	7,941	2,454
Total revenue	**651,340**	523,782

(b) Reportable segments

Information regarding the Group's reportable operating segments as provided to the Group's chief operating decision makers for the purposes of resources allocation and assessment of segment performance for the period is only design, manufacture and trading of fine jewelry products.

The Group's turnover derived from design, manufacture and trading of fine jewelry products in different sectors was analysed as follows:

	2011	2010
	HK$'000	HK$'000
Wholesale business	**585,818**	483,454
Retail and brand business	**29,238**	14,672
Sales network collaboration	**28,343**	23,202
	643,399	521,328

6. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION (Continued)

(c) Geographical information

An analysis of the Group's revenue from external customers and non-current assets are as follows:

	2011 HK$'000	2010 HK$'000
i) Turnover		
— Europe	**165,148**	163,326
— The Middle East	**164,991**	121,477
— America	**111,695**	84,079
— The People's Republic of China, other than Hong Kong ("PRC")	**63,475**	41,083
— Japan	**29,173**	27,047
— Hong Kong	**17,153**	10,405
— Africa	**16,167**	15,009
— Others	**75,597**	58,902
	643,399	521,328
ii) Additions to property, plant and equipment		
— Hong Kong	**29,523**	336
— PRC	**12,181**	6,621
— America	**151**	806
— Others	**—**	4
	41,855	7,767
iii) Segment assets		
— Hong Kong	**443,659**	335,359
— PRC	**165,639**	127,553
— America	**65,434**	58,921
— Europe	**30,241**	35,172
— Japan	**4,694**	5,657
— The Middle East	**74**	99
	709,741	562,761

(d) Information about major customers

In 2010 and 2011, none of the customers had entered into transactions exceeding 10% of the Group's revenues.

7. OTHER GAINS AND LOSSES

	2011 **HK$'000**	2010 HK$'000
Fair value (losses)/gains on derivative financial instruments:		
Forward foreign currency contracts and interest rate swap contract that do not qualify as hedges	**(31)**	(120)
(Loss)/gain on settlement of forward foreign currency contracts upon maturity	**(1,781)**	397
Net (losses)/gains on derivatives	**(1,812)**	277
Loss on disposal of property, plant and equipment	**—**	(8)
Write-off of amounts due from related parties	**—**	(548)
Exchange gains, net	**2,049**	756
Others	**102**	79
	339	556

8. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging/(crediting) the following:

	2011 **HK$'000**	2010 HK$'000
Cost of inventories expensed *(note 21)*	**491,673**	383,409
Depreciation of property, plant and equipment *(note 17)*	**10,422**	5,709
Staff costs (including directors' remuneration) *(note 11)*	**94,194**	84,538
Auditor's remuneration	**1,374**	1,415
Provision for bad and doubtful debts, net *(note 22(d))*	**1,195**	4,524
Exchange gains, net	**(2,049)**	(756)
Bad debts written off	**1,999**	85

9. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on borrowings		
— Wholly repayable within five years	**4,830**	3,764
— Not wholly repayable within five years	**47**	—
	4,877	3,764
Finance lease charges	**1**	13
Bank charges	**1,595**	1,594
	6,473	5,371

The analysis shows the finance costs of borrowings, including term loans all of which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements.

10. INCOME TAX EXPENSE

(a) The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2011 HK$'000	2010 HK$'000
Current tax — Hong Kong profits tax		
— provision for the year	**5,333**	2,955
— (over)/under provision in respect of prior years	**(939)**	283
Current tax — overseas		
— provision for the year	**62**	56
— (over)/under provision in respect of prior years	**(10)**	1,512
	4,446	4,806
Deferred tax *(note 28)*		
— attributable to the origination and reversal of temporary differences	**(41)**	64
	4,405	4,870

(i) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the year.

10. INCOME TAX EXPENSE (Continued)

(a) The amount of income tax expense in the consolidated statement of comprehensive income represents: (Continued)

(ii) PRC enterprise income tax

廣州億恒珠寶有限公司 is a wholly foreign-owned enterprise operated in the PRC with applicable tax rate of 25%. It is entitled to two-year tax exemption for 2007 and 2008 and three-year 50% tax relief for 2009 to 2011.

廣州市億鑽珠寶有限公司, 廣州芝柏婚慶禮儀服務有限公司 and 上海億炫珠寶有限公司 are wholly foreign-owned enterprises operated in the PRC with applicable tax rate of 25%.

廣州穗富珠寶有限公司 is a company with limited liability operated and established in the PRC with applicable tax rate of 25%.

(iii) Overseas income tax

Income tax expense for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

(iv) Tax effect of share of profit/(loss) of associates

The share of tax charge attributable to associates, amounted to HK$2,074,000 (2010: HK$1,165,000) and is included in "Share of profit/(loss) of associates, net" on the face of the consolidated statement of comprehensive income.

(b) The income tax expense for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2011 **HK$'000**	2010 HK$'000
Profit before income tax	**10,178**	7,921
Calculated at tax rate of 16.5% (2010:16.5%)	**1,679**	1,307
Tax effect on offshore income and expenditures not subject to Hong Kong profits tax	**(4,431)**	(2,634)
Tax effect of expenses not deductible for taxation purposes	**1,698**	238
Tax effect of non-taxable items	**(124)**	97
Tax effect of share of (profit)/loss of associates	**(663)**	55
Tax effect on unused tax losses not recognised	**7,936**	3,594
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(826)**	567
(Over)/under provision in prior years	**(949)**	1,795
Others	**85**	(149)
Income tax expense	**4,405**	4,870

(c) In addition to the amount charged to the profit or loss, deferred tax relating to the revaluation of the Group's certain leasehold land and buildings during the year has been charged to other comprehensive income.

11. STAFF COSTS

	2011 HK$'000	2010 HK$'000
Staff costs (including directors) comprise:		
Wages and salaries	**89,930**	80,850
Pension contributions *(note 13)*	**123**	470
Social security costs *(note 13)*	**4,141**	3,218
	94,194	84,538

12. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Year ended 31 March 2011

	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Bonus* HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors					
Chan Yuen Hing	—	7,767	—	12	7,779
Tang Chee Kwong	—	2,280	—	12	2,292
Chan Wing Nang	—	1,142	129	12	1,283
Tsang Wing Ki	—	735	84	12	831
Lai Wang (i)	—	505	65	5	575
Chan Lai Yung	—	360	48	12	420
Setiawan Tan Budi (ii)	—	129	—	3	132
Sub-total	—	12,918	326	68	13,312
Independent non-executive directors					
Chan Cheong Tat	150	—	—	—	150
Yu Ming Yang	100	—	—	—	100
Tang Chiu Ming Frank	100	—	—	—	100
Sub-total	350	—	—	—	350
Total	350	12,918	326	68	13,662

12. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

Year ended 31 March 2010

	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Bonus* HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors					
Chan Yuen Hing	—	7,229	—	12	7,241
Tang Chee Kwong	—	2,040	50	12	2,102
Chan Wing Nang	—	1,041	85	12	1,138
Tsang Wing Ki	—	675	55	12	742
Chan Lai Yung	—	515	—	12	527
Yu Yip Cheong (iii)	—	360	—	5	365
Lai Wang (i)	—	155	—	2	157
Sub-total	—	12,015	190	67	12,272
Independent non-executive directors					
Chan Cheong Tat	150	—	—	—	150
Yu Ming Yang	100	—	—	—	100
Tang Chiu Ming Frank	100	—	—	—	100
Sub-total	350	—	—	—	350
Total	350	12,015	190	67	12,622

* Executive directors of the Company are entitled to bonus payments which are determined on a discretionary basis.

(i) Appointed on 1 January 2010.

(ii) Appointed on 1 January 2011.

(iii) Deceased on 24 September 2009.

There were no arrangements under which any director waived or agreed to waive any emoluments in respect of each of the years ended 31 March 2011 and 2010.

12. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, four (2010: four) were directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments of the remaining individual (2010: one) were as follows:

	2011	2010
	HK$'000	HK$'000
Wages and salaries	**1,470**	1,342
Pension contributions	**12**	12
	1,482	1,354

The emolument was within the following bands:

	2011	2010
	No. of employees	No. of employees
Nil–HK$1,000,000	**—**	—
HK$1,000,001–HK$1,500,000	**1**	1
HK$1,500,001–HK$2,000,000	**—**	—
	1	1

(c) No emoluments were paid or payable to any director or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2011 and 2010.

13. EMPLOYEE RETIREMENT BENEFIT

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employers and their employees are each required to make contributions to the MPF Scheme at a rate specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefits scheme contributions arising from the MPF Scheme charged to profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the MPF Scheme.

13. EMPLOYEE RETIREMENT BENEFIT (Continued)

The employees employed by the entities in the PRC are members of the state-managed retirement benefits schemes operated by the PRC Government. The PRC entities are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the PRC Government is to make the required contributions under the schemes.

The Group's subsidiaries in the United States (the "U.S.") principally participate in a mandatory retirement system under which the subsidiaries contribute to the system a certain percentage of the salaries of its employees. The Group has no further obligations other than making the required contributions.

Save as disclosed above, the Group does not have any other pension schemes for its employees. In the opinion of the directors of the Company, the Group did not have any significant liabilities beyond the above contributions in respect of the retirement benefits of its employees.

14. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a loss of HK$553,000 (2010: HK$288,000) which has been dealt with in the financial statements of the Company.

15. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2010: Nil).

16. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	2011	2010
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share calculation	**HK$7,613,000**	HK$3,140,000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**271,700,000**	271,700,000

The basic and diluted earnings per share for the respective years are equal because the exercise price of the Company's share options was higher than the average market price for shares for both 2011 and 2010.

17. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land and buildings HK$'000	Furniture, fixtures and machinery HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:					
At 1 April 2009	32,418	47,214	16,088	3,152	98,872
Additions	—	3,916	3,851	—	7,767
Disposals	—	(47)	(32)	—	(79)
Exchange adjustments	156	45	52	9	262
At 31 March 2010	32,574	51,128	19,959	3,161	106,822
Additions	25,985	5,823	9,878	169	41,855
Revaluation surplus	4,649	—	—	—	4,649
Disposals	—	(130)	—	—	(130)
Exchange adjustments	1,363	495	720	79	2,657
At 31 March 2011	64,571	57,316	30,557	3,409	155,853
Accumulated depreciation:					
At 1 April 2009	1,362	39,243	7,902	1,361	49,868
Charge for the year	1,335	2,870	861	643	5,709
Written back on disposal	—	(15)	(12)	—	(27)
Exchange adjustments	11	12	5	4	32
At 31 March 2010	2,708	42,110	8,756	2,008	55,582
Charge for the year	1,648	3,775	4,397	602	10,422
Written back on disposal	—	(24)	—	—	(24)
Eliminated on revaluation	(4,287)	—	—	—	(4,287)
Exchange adjustments	148	182	150	44	524
At 31 March 2011	217	46,043	13,303	2,654	62,217
Net carrying amount:					
At 31 March 2011	64,354	11,273	17,254	755	93,636
At 31 March 2010	29,866	9,018	11,203	1,153	51,240

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) An analysis of cost and valuation of the Group's property, plant and equipment:

	Leasehold land and buildings HK$'000	Furniture, fixtures and machinery HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Basis of book value as at 31 March 2011:					
At valuation	**38,586**	**—**	**—**	**—**	**38,586**
At cost	**25,985**	**57,316**	**30,557**	**3,409**	**117,267**
	64,571	**57,316**	**30,557**	**3,409**	**155,853**
Basis of book value as at 31 March 2010:					
At valuation	2,048	—	—	—	2,048
At cost	30,526	51,128	19,959	3,161	104,774
	32,574	51,128	19,959	3,161	106,822

(b) The Group's leasehold land and buildings are located in the PRC, Hong Kong and Japan and all are under medium-term leases.

(c) Revaluation of the leasehold land and buildings of the Group were carried out as at 31 March 2011 by Avista Valuation Advisory Limited, Chartered Surveyors on a market value basis.

Had these leasehold land and buildings been carried at cost less accumulated depreciation, their carrying amounts would have been HK$25,996,000 (2010: HK$1,843,000).

(d) At 31 March 2011, the Group's leasehold land and buildings with carrying amounts of HK$38,005,000 (2010: HK$10,287,000) were pledged to secure bank facilities (note 24).

(e) Assets held under finance leases

In addition to the leasehold land and buildings classified as being held under a finance lease, the Group leases motor vehicles under finance leases expiring from 2-3 years. None of the leases includes contingent rentals.

At the end of 31 March 2011, no plant and equipment of the Group under finance leases. At 31 March 2010, the net carrying amount of motor vehicles held under finance leases of the Group was HK$269,000 and the related depreciation charge for the year ended 31 March 2010 was HK$294,000.

18. INTERESTS IN SUBSIDIARIES

	The Company 2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	**148,516**	148,516
Amounts due from subsidiaries, net	**82,273**	82,826
	230,789	231,342

Amounts due from subsidiaries are unsecured, interest free and in substance a part of the Company's interests in the subsidiaries in the form of quasi-equity loans.

Details of the principal subsidiaries as at 31 March 2011 are as follows:

Name	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company directly	Attributable equity interest held by the Company indirectly	Principal activities
Noble Jewelry (BVI) Limited	British Virgin Islands 2 June 2006	Hong Kong	US$20,000	100%	—	Investment holding
Noble Jewelry Limited	Hong Kong 9 June 1992	Hong Kong	HK$1,000,000	—	100%	Design, manufacture and trading of jewelry
廣州市億鑽珠寶有限公司* (transliterated as Guangzhou Noble Jewelry Limited)	PRC 12 April 2004	PRC	HK$26,000,000	—	100%	Processing of jewelry
NJUK Limited	United Kingdom 23 January 2001	United Kingdom	£1	—	100%	Trading of jewelry
Topwin Trading Limited	Hong Kong 15 April 2005	Hong Kong	HK$2	—	100%	Trading of jewelry
Chad Allison Corporation	The State of Delaware, the U.S. 24 March 2006	U.S.	US$2,000	—	100%	Design and trading of jewelry
Noble Jewelry Limited	The State of New York, the U.S. 20 September 2005	U.S.	US$100,000	—	100%	Trading of jewelry
Farwin Limited	Hong Kong 22 June 2001	India	HK$10,000	—	100%	Acting as purchase agent
廣州億恆珠寶有限公司* (transliterated as Guangzhou Sinoble Jewelry Limited)	PRC 17 October 2006	PRC	HK$54,500,000	—	100%	Manufacture and trading of jewelry
上海億炫珠寶有限公司* (transliterated as Shanghai Noble Concepts Jewelry Limited)	PRC 4 December 2008	PRC	RMB5,500,000	—	100%	Design and trading of jewelry
N.A. Marketing Limited	The State of Texas, the U.S. 6 May 2009	U.S.	US$3,500	—	92.5%	Trading of jewelry

18. INTERESTS IN SUBSIDIARIES (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

* All subsidiaries established in the PRC are wholly foreign-owned enterprises.

19. ASSOCIATES

	The Group	
	2011	2010
	HK$'000	HK$'000
Share of net assets of associates	**41,960**	30,536
Goodwill on acquisition *(note (a))*	**33,207**	32,974
	75,167	63,510

Particulars of the principal associates as at 31 March 2011, all of which are unlisted corporate entities are as follows:

Name	Place of incorporation and operations	Attributable equity interest held by the Group	Principal activities
Pesona Noble Jewelry Limited ("Pesona Noble")	Hong Kong	50%	Trading of jewelry
Noblediam S.L. ("Noblediam")	Spain	50%	Trading of jewelry
上海城隍珠寶有限公司 (transliterated as Shanghai Chenghuang Jewellery Limited ("Chenghuang Jewellery"))	PRC	20%	Operation of a flagship mall and retail outlets
山東嘉億珠寶有限公司 ("山東嘉億")	PRC	30%	Trading of jewelry
杭州城隍珠寶有限公司 ("杭州城隍")	PRC	33%	Trading of jewelry

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The financial statements of the above associates are coterminous with those of the Group, except for Chenghuang Jewellery, 山東嘉億 and 杭州城隍 which have financial years ending on 31 December. The consolidated financial statements of the Group are adjusted for any material transactions between Chenghuang Jewellery, 山東嘉億 and 杭州城隍 and Group companies between 1 January and 31 March. Chenghuang Jewellery, 山東嘉億 and 杭州城隍 uses 31 March as its reporting date to conform with its holding company's reporting date.

19. ASSOCIATES (Continued)

(a) In the prior year, the Group acquired 20% equity interests in Chenghuang Jewellery which was engaged in the operation of a flagship mall and retail outlets. During the year, the Group acquired 30% equity interests in 山東嘉億 which was engaged in trading of jewelry. The goodwill arising from the acquisitions of Chenghuang Jewellery and 山東嘉億 were allocated to the cash generating unit (CGU) of the businesses of Chenghuang Jewellery and 山東嘉億 respectively.

During the year, the directors reviewed the carrying amounts of the CGU of the businesses of Chenghuang Jewellery and 山東嘉億. The recoverable amounts of the CGU of Chenghuang Jewellery and 山東嘉億 were estimated on a value in use basis using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projection is 12% (2010: 12%). As at 31 March 2011, the directors concluded that the recoverable amount is higher than their carrying value. Accordingly, no impairment loss was recognised for the year ended 31 March 2011 (2010 HK$ Nil).

(b) The summarised financial information in respect of the Group's associates is set out below:

	2011 **HK$'000**	2010 HK$'000
Total assets	**357,551**	281,164
Total liabilities	**(171,656)**	(148,214)
Net assets	**185,895**	132,950
Revenue	**39,857**	432,609
Profit for the year	**29,612**	11,245

20. OTHER ASSETS

	2011 **HK$'000**	2010 HK$'000
Cash surrender value of life insurance contract	**2,161**	2,110

The Group purchased a life insurance contract in May 2009 for the chief executive officer, Mr. Tang Chee Kwong.

The total insured amount is US$750,000 (approximately HK$5.8 million). The contract will mature on the date when the insured reaches the age of 100 or death of the insured and the beneficiary is designated to the Group.

21. INVENTORIES

	The Group	
	2011	2010
	HK$'000	HK$'000
Raw materials	**139,569**	74,622
Work in progress	**29,125**	32,210
Finished goods	**191,116**	157,349
	359,810	264,181

The analysis of the amount of inventories recognised as an expense in note 8 is as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Carrying amount of inventories sold	**491,355**	383,270
Write-down of inventories	**318**	139
	491,673	383,409

22. ACCOUNTS RECEIVABLE

	The Group	
	2011	2010
	HK$'000	HK$'000
Accounts receivable	**144,525**	114,023
Less: Allowance for bad and doubtful debts	**(11,537)**	(10,340)
	132,988	103,683

(a) The Group normally allows a credit period ranging from 15 to 180 days to its customers.

(b) All of the accounts receivable (net of allowance for bad and doubtful debts) are expected to be recovered within one year.

22. ACCOUNTS RECEIVABLE (Continued)

(c) An ageing analysis of accounts receivable (net of allowance for bad and doubtful debts) is as follows:

	2011 **HK$'000**	2010 HK$'000
Within 1 month	**37,996**	32,678
Over 1 month but within 3 months	**50,118**	37,670
Over 3 months but within 6 months	**31,765**	21,856
Over 6 months but within 1 year	**11,828**	10,301
Over 1 year	**1,281**	1,178
	132,988	103,683

(d) The movements in the allowance for bad and doubtful debts during the year, including both specific and collective loss components, are as follows:

	2011 **HK$'000**	2010 HK$'000
At 1 April	**10,340**	5,814
Impairment loss recognised, net *(note 8)*	**1,195**	4,524
Exchange adjustment	**2**	2
At 31 March	**11,537**	10,340

At 31 March 2011, the Group's accounts receivable of HK$5,536,000 (2010: HK$6,509,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowance for doubtful debts was fully recognised. The Group does not hold any collateral over these balances.

In addition, a provision of HK$6,001,000 (2010: HK$3,831,000) has been made for estimated irrecoverable amounts from the sale of goods. This provision has been determined by reference to past default experience.

22. ACCOUNTS RECEIVABLE (Continued)

(e) An ageing analysis of accounts receivable that are neither individually nor collectively considered to be impaired is as follows:

	2011 HK$'000	2010 HK$'000
Neither past due nor impaired	**52,573**	41,714
Past due within 1 month	**25,210**	7,179
Past due over 1 month but within 3 months	**11,894**	1,123
Past due over 3 months but within 6 months	**660**	2,912
Past due over 6 months but within 1 year	**506**	271
	38,270	11,485
	90,843	53,199

Accounts receivable that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

(f) Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have 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.

(g) At 31 March 2011, the Group's accounts receivable of HK$590,000 (2010: HK$173,000) were discounted to a bank with recourse. The Group continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as a secured borrowing.

23. CASH AT BANKS AND IN HAND

Cash at banks and in hand are denominated in the following currencies:

	2011 HK$'000	2010 HK$'000
U.S. dollars	**3,592**	11,029
British Pounds	**1,611**	2,827
Renminbi	**6,537**	4,571

Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC Government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

24. BORROWINGS

	The Group		
	31/3/2011	31/3/2010	1/4/2009
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
Overdrafts repayable on demand — secured	**4,942**	9	6,457
Portion of term loans from banks due for repayment within one year — secured	**63,309**	29,555	35,805
Portion of term loans from banks due for repayment after one year which contain a repayable on demand clause — secured	**19,969**	14,408	22,851
Other loan due for repayment within 6 months — secured	**4,317**	—	—
Discounted bills and recourse due for repayment within 6 months — secured	**590**	173	1,538
Trust receipts and export loans due for repayment within 6 months — secured	**164,937**	100,024	93,462
	258,064	144,169	160,113

The interest-bearing borrowings, including the term loans repayable on demand, are carried at amortised cost. Due to the adoption of HK Interpretation 5 in the current reporting period, the Group's bank loans of HK$19,969,000 (31 March 2010: HK$14,408,000 and 1 April 2009: HK$22,851,000) containing a repayment on demand clause has been reclassified as a current liability in its entirety.

Based on the scheduled repayment date set out in the loan agreements, the amounts repayable in respect of the bank loans are as follows:

	The Group		
	31/3/2011	31/3/2010	1/4/2009
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
Term loans due for repayment within one year	**63,309**	29,555	35,805
Term loans due for repayment after one year:			
After 1 year but within 2 years	**4,997**	12,075	9,726
After 2 years but within 5 years	**10,992**	2,333	13,125
After 5 years	**3,980**	—	—
	19,969	14,408	22,851
	83,278	43,963	58,656

24. BORROWINGS (Continued)

Notes:

(a) The interest-bearing borrowings, including the term loans repayable on demand, are carried at amortised cost.

(b) The Group's banking facilities amounting to HK$316,339,000 (2010: HK$315,420,000), of which HK$258,064,000 (2010: HK$144,160,000) has been utilised as at the end of reporting period.

(c) Banking facilities are secured by the pledge of the Group's leasehold land and buildings with carrying amounts of HK$38,005,000 (2010: HK$10,287,000) (note 17).

(d) Borrowings of the Group as at 31 March 2011 and 2010 were secured by certain corporate guarantees provided by the Company.

(e) The maturity date of the discounted bills recourse is within 3 to 6 months from inception date of the discounted bills.

25. ACCOUNTS PAYABLE

An ageing analysis of accounts payable of the Group is as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Within 1 month	**25,652**	35,654
Over 1 month but within 3 months	**38,171**	39,628
Over 3 months but within 6 months	**43,425**	34,300
Over 6 months	**5,546**	2,768
	112,794	112,350

All of the accounts payable are expected to be settled within one year.

26. OBLIGATIONS UNDER FINANCE LEASES

The Group leased certain of its motor vehicles. Such assets were generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group had the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments were due as follows:

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
At 31 March 2010			
Not later than 1 year	44	4	40

27. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group	
	2011	2010
	HK$'000	HK$'000
Derivative financial instruments that are not designated in hedge accounting relationships		
— Forward foreign currency contracts	**—**	(74)
— Interest rate swap contract	**31**	194
	31	120

The notional principal amount of the outstanding interest rate swap contract at 31 March 2011 was HK$5,000,000 (2010: HK$15,000,000). At 31 March 2010, the notional principal amount of the outstanding forward foreign currency contract was HK$37,200,000.

In addition, the Group has entered into various forward foreign currency contracts to manage its exchange rates exposures which did not meet the criteria for hedge accounting.

28. DEFERRED TAX

(a) The movement for the year in the net deferred tax (liabilities)/assets is as follows:

	2011 HK$'000	2010 HK$'000
At 1 April	**1,041**	1,105
Credit/(charge) to profit or loss *(note 10)*	**41**	(64)
Charge to equity	**(2,099)**	—
At 31 March	**(1,017)**	1,041

(b) The movement in deferred tax liabilities and assets (prior to offsetting of balances with the same taxation jurisdiction) during the year is as follows:

Deferred tax liabilities	**Revaluation of properties HK$'000**	**Decelerated/ (accelerated) tax depreciation HK$'000**	**Total HK$'000**
At 1 April 2009	—	(63)	(63)
Credit to profit or loss	—	63	63
At 31 March 2010	—	—	—
Charge to profit or loss	—	(338)	(338)
Charge to equity	(2,099)	—	(2,099)
At 31 March 2011	**(2,099)**	**(338)**	**(2,437)**

Deferred tax assets	**Decelerated tax depreciation HK$'000**	**Provision HK$'000**	**Others HK$'000**	**Total HK$'000**
At 1 April 2009	—	267	901	1,168
Credit/(charge) to profit or loss	96	—	(223)	(127)
At 31 March 2010	96	267	678	1,041
Credit/(charge) to profit or loss	(96)	(89)	564	379
At 31 March 2011	**—**	**178**	**1,242**	**1,420**

28. DEFERRED TAX (Continued)

(c) For the purpose of presentation of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes.

	2011 **HK$'000**	2010 HK$'000
Deferred tax assets	**1,420**	1,041
Deferred tax liabilities	**(2,437)**	—
	(1,017)	1,041

(d) The Group has unused tax losses arising in the U.S. of US$7,926,000 (2010: US$5,760,000) that can be carried forward for offsetting against its future taxable profits.

No deferred tax assets have been recognised (2010: Nil) as the availability of future taxable profit to utilise the temporary differences is not probable.

29. SHARE CAPITAL

	Number of shares	**Amount** HK$'000
Shares of the Company with nominal value of HK$0.01 each		
Authorised:		
As at 31 March 2010 and 2011	10,000,000,000	100,000
Issued and fully paid:		
As at 31 March 2010 and 2011	271,700,000	2,717

30. SHARE OPTION SCHEME

On 26 February 2007, the Company has adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Eligible participants of the Share Option Scheme include, (i) any executive director, employee or proposed employee of the Group or any invested entity; (ii) any non-executive director (including independent non-executive directors) of the Group or invested entity; (iii) any discretionary trust whose discretionary objects may be any executive director, employee or proposed employee and any non-executive director of the Group or invested entity; and (iv) advisers and consultants who are members of the Company's advisory boards and other persons engaged as long term advisers or consultants to the Group.

The Share Option Scheme became effective on 26 February 2007 and, unless otherwise cancelled or amended, will remain in force for a period of ten years to 25 February 2017.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant in any 12-month period must not exceed 1% of the aggregate number of shares of the Company in issue. Where any further grant of options to an eligible participant would result in the shares issued or to be issued upon exercise of all options granted and to be granted to such eligible participant in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares of the Company in issue, such further grant must be separately approved by the shareholders in general meeting with such an eligible participant and his associates abstaining from voting.

The exercise price of the share options is determinable by the committee of the board of the directors of the Company, but must be at least be the highest of: (a) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (b) the average of the closing prices of the shares as stated in the daily quotation sheets issued by the Stock Exchange over the five trading days immediately preceding the date of grant; (c) the nominal value of a share.

30. SHARE OPTION SCHEME (Continued)

During the year, no share option was granted to the eligible employees and 200,000 (2010: 470,000) share options were forfeited. The movements in the number of share options under the Share Option Scheme during the year are as follows:

Year ended 31 March 2011

Date of grant	At beginning of year	Granted during the year	Forfeited during the year	At end of year	Exercise price	Closing price at date of grant	Exercise period
1 February 2008*	1,230,000	—	(100,000)	1,130,000	HK$1.27	Hk$1.25	1 February 2010 to 31 January 2012
1 February 2008*	1,230,000	—	(100,000)	1,130,000	HK$1.27	HK$1.25	1 February 2011 to 31 January 2012
	2,460,000	—	(200,000)	2,260,000			

* The fair value of each share options granted in 2008 was 0.76 HK cents. The Group had not recognised an equity-settled share-based payment expenses in respect of the above share options as the amount is insignificant.

At the date of approval of these financial statements, the Company had 2,110,000 share options outstanding under the Share Option Scheme.

31. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 39 of the financial statements.

The nature and purposes of reserves are set out below.

Share premium

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Merger reserve

The merger reserve represents the difference between the nominal value of shares of the subsidiary acquired over the nominal value of the shares used by the Company in exchange therefor. This reserve is distributable.

Capital reserve

The capital reserve represents the value of forward liabilities arising from the Group's derivative financial instruments - forward foreign currency contracts which were novated to a company wholly owned by a shareholder without any consideration in prior year.

31. RESERVES (Continued)

Revaluation reserve

Revaluation reserve represents the cumulative net change in the fair value of leasehold lands and buildings held at the end of reporting period and are dealt with in accordance with the accounting policy set out in note 4(d).

Exchange reserve

Exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(l).

The Company

	Share premium HK$'000	Contributed surplus HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2009	79,836	148,326	643	228,805
Total comprehensive income for the year	—	—	(288)	(288)
At 31 March 2010	79,836	148,326	355	228,517
Total comprehensive income for the year	—	—	(553)	(553)
At 31 March 2011	**79,836**	**148,326**	**(198)**	**227,964**

Contributed surplus

Contributed surplus represents the excess of the consolidated net assets represented by the shares of the subsidiaries acquired over the nominal value of the shares issued by the Company in exchange therefor under a group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange.

Reserves available for distribution

At 31 March 2011, the aggregate amount of reserves available for distribution to owners of the Company was HK$227,964,000 (2010: HK$228,517,000), which represents the aggregate of accumulated losses of HK$198,000 (2010: retained earnings of HK$355,000), contributed surplus of HK$148,326,000 (2010: HK$148,326,000) and share premium of HK$79,836,000 (2010: HK$79,836,000).

32. CONTINGENT LIABILITIES

(a) At the end of reporting period, contingent liabilities not provided for in the financial statements were as follows:

	The Company	
	2011	2010
	HK$'000	HK$'000
Guarantees given to banks in connection with facilities granted to subsidiaries	**316,300**	305,133

As at 31 March 2011, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK$258,064,000 (2010: HK$144,160,000), which is the maximum amount of guarantee could be called on demand.

(b) In year 2010, the US Customs Service (the "US Government") initiated an investigation on the payment of custom duty for shipments to the US on certain group companies. It mainly relates to a dispute over the custom duty for the purchases from the Group's wholly-owned subsidiary in prior years. The investigation is in progress and a final settlement has not yet been reached. After taking professional advice from the Group's US legal adviser, a provision of HK$13,650,000 (2010: HK$3,170,000) has been made for custom duty under-provided in prior years and related damages and penalties to the US Government.

33. OPERATING LEASE COMMITMENTS

As lessor

The Group sub-leases its leased factory under operating lease arrangements, with leases negotiated for terms ranging from 6 months to two years. The terms of the leases generally require the tenants to pay security deposits.

At the end of reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Within 1 year	**65**	—

33. OPERATING LEASE COMMITMENTS (Continued)

As lessee

The Group lease their office premises, warehouses and retail outlets under operating lease arrangements. Lease for office premises are negotiated for terms ranging from one to ten years at fixed rentals.

The lease payments recognised in profit or loss are as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Operating lease rentals		
— minimum leases payments	**14,705**	9,318
— contingent rent	**682**	—
	15,387	9,318

At the end of reporting period, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Within 1 year	**8,579**	7,524
In the 2 to 5 years inclusive	**12,905**	5,840
Later than 5 years	**7,232**	642
	28,716	14,006

The operating lease rentals of certain retail shops are based on the higher of a fixed rental and a contingent rent based on sales of the retail shops pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales in these retail shops could not be accurately determined, the relevant contingent rent has not been included above and only the minimum lease commitment has been included in the above table.

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33 above, the Group had the following capital commitments at the end of reporting period:

	The Group	
	2011	2010
	HK$'000	HK$'000
Contracted but not provided for:		
Payment of construction cost	**2,261**	—
Interest in associates	**5,585**	2,394
	7,846	2,394

35. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, during the year, the Group entered into the following significant transactions with its related parties:

	2011	2010
	HK$'000	HK$'000
Recurring transactions		
Sale of goods to Noblediam *(note i)*	**10,854**	15,309
Sale of goods to Pesona Noble *(note i)*	**4,783**	1,145
Sale of goods to Chenghuang Jewellery *(note i)*	**985**	177
Sale of goods to 山東嘉億 *(note i)*	**739**	—
Management fees received from Noblediam *(note ii)*	**160**	93
Management fees received from Pesona Noble *(note ii)*	**240**	240
Rental, utilities charges and building management fees paid to Guangzhou Weile Jewelry Park Company Limited ("Guangzhou Weile") in which Mr. Chan Yuen Hing, a director and shareholder of the Company ("Mr. Chan"), has beneficial interests *(note iii)*	**3,755**	491
Rental, utilities charges and building management fees paid to Guangzhou Worldmart Jewelry & Gems Emporium Limited in which Mr. Chan has beneficial interests *(note iii)*	**334**	16
Rental expenses paid to Chenghuang Jewellery *(note iii)*	**40**	254
Rental expenses paid to 伊泰蓮娜(廣州)首飾有限公司, in which Mr. Yau Siu Ying, John, a substantial shareholder of the Company, has beneficial interests *(note iii)*	**2,110**	—
Interest income from Glorious (China) Limited ("GCL"), a non-controlling shareholder of a subsidiary *(note 35(c)(i))*	**378**	—

35. RELATED PARTY TRANSACTIONS (Continued)

(a) In addition to the transactions detailed elsewhere in these financial statements, during the year, the Group entered into the following significant transactions with its related parties: (Continued)

Notes:

(i) Sale of goods was determined at cost of materials and production cost plus a percentage of mark-up.

(ii) Management fee income received was agreed by both parties at a fixed sum or cost incurred.

(iii) The rental, utilities charges and building management fees were paid pursuant to the respective lease agreements.

In the opinion of the directors, the above transactions were conducted on normal business terms and in the ordinary course of the business of the Group.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2011 **HK$'000**	2010 HK$'000
Wages and salaries	**14,714**	14,692
Pension contributions	**80**	109
	14,794	14,801

Further details of directors' emoluments are included in note 12(a).

(c) Balances with related parties

	2011 **HK$'000**	2010 HK$'000
Amounts due from related parties		
Noblediam	**10,842**	12,680
Noble Enterprises Limited, a company in which a director of the Company is a controlling shareholder	**36**	13
A family member of the director of the Company	**—**	6
GCL	**4,975**	8,043
Party Time Limited, a non-controlling shareholder of a subsidiary	**5**	5
Chenghuang Jewellery	**8**	—
	15,866	20,747
Amount due to a related party		
Pesona Noble	**389**	1,066

35. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

Note:

(i) The balances include a loan of US$500,000 (2010: US$1,000,000) (equivalent to HK$3,873,000 (2010: HK$7,746,000)) which is interest bearing at the prime rate per annum granted by the Hongkong and Shanghai Banking Corporation Limited, but not lower than 5% per annum and not higher than 7% per annum. At 31 March 2010, the loan was secured by approximately US$500,000 jewelry inventories of GCL and repayable at the end of three years from the date of granting the loan or after the subsistence of the subsidiary's business, whichever is the earlier. During the year ended 31 March 2011, GCL repaid the loan of US$500,000 by the secured jewelry inventories. The Group do not hold any security on the loan to GCL as at 31 March 2011.

Except for the loan to GCL, other balances maintained with the related parties were unsecured, interest-free and had no fixed repayment terms.

The above transaction (c) (note (i)) also constitutes a connected transaction as defined in Chapter 14A of the Listing Rules.

36. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in the note 24, cash at banks and in hand and equity attributable to owners of the Company, comprising share capital and reserves and retained earnings as disclosed in notes 29 and 31 respectively.

The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

The net debt-to-adjusted capital ratio at the end of reporting period was as follows:

	2011 **HK$'000**	2010 HK$'000
Debts	**258,064**	144,169
Less: Cash at banks and in hand	**(14,303)**	(27,461)
Net debt	**243,761**	116,708
Equity	**275,326**	259,090
Net debt to equity ratio	**89%**	45%

37. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments are credit risk, foreign exchange risk, liquidity risk, interest rate risk and price risk. These risks are evaluated and monitored by the Group in accordance with the financial management policies and practices described below.

(a) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that goods are sold to customers with appropriate credit history and the Group performs credit evaluation of its customers. The Group also has policies that limit the amount of credit exposure to any financial institution.

The Group's credit risk is primarily attributable to its accounts receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of accounts receivable, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Accounts receivable are due within 15 to 180 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from accounts receivable are set out in note 22.

(b) Liquidity risk

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

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's borrowings, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the Group can be required to pay.

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

37. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

	Maturity analysis — Undiscounted cash outflows					
	2011			2010 (restated)		
The Group	**On demand HK$'000**	**Within 1 year HK$'000**	**Total undiscounted cash outflows HK$'000**	On demand HK$'000	Within 1 year HK$'000	Total undiscounted cash outflows HK$'000
Borrowings subject to a repayable on demand clause	**259,670**	**—**	**259,670**	145,463	—	145,463
Accounts payable	**—**	**112,794**	**112,794**	—	112,350	112,350
Other payables and accrued charges	**—**	**56,238**	**56,238**	—	45,636	45,636
Amount due to a related party	**389**	**—**	**389**	1,066	—	1,066
Obligations under finance leases	**—**	**—**	**—**	—	44	44
Derivative financial instruments	**—**	**11**	**11**	—	120	120
	260,059	**169,043**	**429,102**	146,529	158,150	304,679

	Maturity analysis — Undiscounted cash outflows					
	2011			2010 (restated)		
The Company	**On demand HK$'000**	**Within 1 year HK$'000**	**Total undiscounted cash outflows HK$'000**	On demand HK$'000	Within 1 year HK$'000	Total undiscounted cash outflows HK$'000
Other payables and accrued charges	**—**	**238**	**238**	—	239	239
Financial guarantees issued — Maximum amount guaranteed	**—**	**—**	**258,064**	—	—	144,160

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in page 76. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

37. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

The Group	Maturity Analysis — Term loans subject to a repayment on demand clause based on scheduled repayments						
	On demand	Within 6 months	More than 6 months but within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash outflows
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
31 March 2011	**4,942**	**227,995**	**5,471**	**5,241**	**11,337**	**4,695**	**259,681**
31 March 2010	9	122,509	8,265	10,658	4,022	—	145,463

(c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk respectively.

The following table details the interest rate profile of the Group's borrowings at the end of reporting period.

	2011 Effective interest rate %	**2011** HK$'000	2010 Effective interest rate %	2010 HK$'000
Variable rate borrowings				
Bank overdrafts	**5.25% to 5.50%**	**4,942**	5.25% to 5.50%	9
Bank loans	**1.60% to 4.76%**	**83,278**	1.35% to 4.75%	43,963
Other loan	**4.2%**	**4,317**	N/A	—
Discounted bills with recourse	**N/A**	**590**	N/A	173
Trust receipts and export loans	**2.16% to 2.55%**	**164,937**	1.66% to 1.94%	100,024
		258,064		144,169
Fixed rate borrowing				
Obligation under finance leases	**N/A**	**—**	4.5%	40

At 31 March 2011, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax and retained profits by approximately HK$838,000 (2010: HK$468,000).

37. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next reporting period. The analysis is performed on the same basis for 2010.

(d) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollars ("USD"), British Pounds ("GBP"), Euros ("EUR"), Japanese Yen ("JPY") and China Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

During the year, the Group entered into certain forward foreign currency contracts. The purpose is to manage the currency risks arising from the Group's operations. At 31 March 2011, the Group held forward foreign currency contracts with fair value of HK$Nil (2010: HK$74,000), which are not designated in hedging accounting relationships (note 27).

The following table details the Group's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

As at 31 March 2011	USD '000	GBP '000	EUR '000	RMB '000	JPY '000
Accounts receivable	13,222	573	457	8,910	32,547
Other receivables, deposits and prepayments	320	166	—	6,491	—
Amounts due (to)/from related parties	(36)	821	—	(2,031)	—
Cash at banks and in hand	514	48	87	5,395	370
Borrowings	(7,322)	(47)	—	(12,673)	—
Accounts payable	(9,268)	—	—	(1,266)	—
Other payables and accrued charges	(1,774)	(36)	(932)	(6,605)	—
Derivative financial instruments	(14)	—	—	—	—
Net exposure	(4,358)	1,525	(388)	(1,779)	32,917

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Foreign exchange risk (Continued)

As at 31 March 2010	USD '000	GBP '000	EUR '000	RMB '000	JPY '000
Accounts receivable	9,993	1,595	163	6,102	169,624
Other receivables, deposits and prepayments	425	283	—	8,400	—
Amounts due from related parties	1,121	1,021	—	—	—
Cash at banks and in hand	1,512	211	48	4,011	—
Borrowings	(1,131)	—	—	(7,208)	—
Accounts payable	(8,929)	—	—	(2,414)	—
Other payables and accrued charges	(1,133)	(115)	(1)	(9,172)	—
Derivative financial instruments	(14)	—	—	(14)	—
Net exposure	1,844	2,995	210	(295)	169,624

The following table indicates the approximate change in the Group's profit after income tax and retained profits and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. The sensitivity analysis includes balances between group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

	2011			2010		
The Group	**Increase/ (decrease) in foreign exchange rate**	**Effect on profit for the year and retained profits HK$'000**	**Effect on other components of equity HK$'000**	Increase/ (decrease) in foreign exchange rate	Effect on profit for the year and retained profits HK$'000	Effect on other components of equity HK$'000
USD	**5%**	**(1,992)**	**—**	5%	(758)	—
	(5%)	**1,992**	**—**	(5%)	758	—
GBP	**10%**	**493**	**—**	10%	935	—
	(10%)	**(493)**	**—**	(10%)	(935)	—
EUR	**10%**	**179**	**—**	10%	222	—
	(10%)	**(179)**	**—**	(10%)	(222)	—
RMB	**10%**	**(434)**	**—**	10%	1,211	—
	(10%)	**434**	**—**	(10%)	(1,211)	—
JPY	**10%**	**307**	**—**	10%	179	—
	(10%)	**(307)**	**—**	(10%)	(179)	—

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Foreign currency risk (Continued)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities; exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit/(loss) for the year and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2010.

(e) Price risk

The Group is engaged in trading of jewelry. The jewelry markets were influenced by global as well as regional supply and demand conditions. A change in prices of gold and diamond could significantly affect the Group's financial performance. The Group historically did not use any commodity derivative instrument to hedge the potential price fluctuations of gold and diamond, however, the Group will closely monitor its exposure to the price of gold and diamond and will consider using commodity derivative instrument to hedge against its exposure as and when appropriate.

The Group is not exposed to any equity securities risk.

(f) Fair values estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2011 and 2010.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2011 and 2010 may be categorised as follows:

	2011 **HK$'000**	2010 HK$'000
Financial assets		
Loans and receivables (including cash at banks and in hand)	**174,078**	175,123
Financial liabilities		
Financial liabilities measured at amortised cost	**410,847**	300,342
Derivative financial liabilities at fair value	**31**	120

The following provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Input for the asset or liability that are not based on observable market data (unobservable input).

As at 31 March 2011, the Group's forward foreign currency contracts are measured at fair value. In accordance with HKFRS 7, the fair value is based on Level 2 fair value measurement hierarchy.

39. EVENT AFTER THE REPORTING PERIOD

On 3 June 2011, the Company's wholly-owned subsidiary, 廣州市億鑽珠寶有限公司, entered into a sale and purchase agreement to dispose of its property in the PRC to 廣州市福平物業管理有限公司, an independent third party, for a cash consideration of HK$23,400,000 (the "Disposal of Property"). As a result of the Disposal of Property, the Group is expected to record an estimated gain of approximately HK$5,900,000 upon completion.

On 5 June 2011, the Company's wholly-owned subsidiary, Noble Jewelry Limited, entered into a sale and purchase agreement to dispose of certain plant and equipment to an independent third party for a cash consideration of HK$6,549,000 (the "Disposal of Plant and Equipment"). As a result of the Disposal of Plant and Equipment, the Group is expected to record an estimated gain of approximately HK$6,510,000 upon completion.

FIVE YEARS FINANCIAL SUMMARY

The consolidated results, assets and liabilities of the Group for the last five financial years as extracted from the audited financial statements of the Group are summarised below:

	Year ended 31 March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Turnover	**643,399**	521,328	631,947	761,976	655,349
Profit before income tax	**10,178**	7,921	5,599	70,842	63,982
Income tax expense	**(4,405)**	(4,870)	(4,269)	(10,215)	(7,688)
Profit for the year	**5,773**	3,051	1,330	60,627	56,294
Profit attributable to owners of the Company	**7,613**	3,140	1,330	60,627	56,294

	As at 31 March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
Assets and Liabilities					
Non-current assets	**170,964**	118,927	114,240	62,960	80,731
Current assets	**538,777**	444,875	396,670	552,094	385,446
Current liabilities	**(433,398)**	(304,712)	(256,543)	(345,796)	(314,330)
Net current assets	**105,379**	140,163	140,127	206,298	71,116
Total assets less current liabilities	**276,343**	259,090	254,367	269,258	151,847
Non-current liabilities	**(1,017)**	—	(40)	(159)	—
Net assets	**275,326**	259,090	254,327	269,099	151,847