explore our future

annual report 2011

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

HKRH is poised to take advantage of excellent opportunities ahead.

CONTENTS

MISSION

Hong Kong Resources Holdings Company Limited aims at growing into a jewellery retailer of scale, and at developing brands with international recognition in Greater China, East Asia and beyond. We continue to seek products of precious metals and stones; distribution channels, both brick-and-mortar and e-commerce; as well as partners with strategic fit for franchising or alliance.

Corporate Information

DIRECTORS

Executive Directors

Dr. Wong, Kennedy Ying Ho[b,c], BBS, J.P., Chairman
Mr. Chui Chuen Shun[b]
Dr. Hui Ho Ming, Herbert, J.P.
Mr. Mung Kin Keung
Dr. Liu Wangzhi *(appointed on 12 July 2010)*
Mr. Lam Kwok Hing, Wilfred, J.P. *(appointed on 17 August 2011)*
Ms. Wong Wing Yan, Ella *(appointed on 17 August 2011)*

Non-executive Directors

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

Independent Non-executive Directors

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

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

COMPANY SECRETARY

Mr. Michael Sui Wah Wong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM11
Bermuda

Corporate Information

PRINCIPAL OFFICE IN HONG KONG

Rooms 1402-03, 14th Floor
Admiralty Centre, Tower 2
18 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
China Construction Bank Corporation

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudian Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

2882

WEBSITE

www.hkrh.hk

MAJOR EVENTS

01 JULY 2010

Not only sponsoring the production of the new dragon boats, 3D-GOLD Jewellery was the Races Sponsor of the "Hong Kong International Dragon Boat Races" and a pure gold dragon ornament was specially made and presented to honor the Champion of "3D-GOLD Jewellery Greater China Cup".

03 OCTOBER 2010

3D-GOLD Jewellery was the official crown sponsor of the Miss Chinese Cosmo Pageant 2010.

02 AUGUST 2010

3D-GOLD Jewellery joined hands with Mr. Dorian Ho to create and present the HK$12.88 million Diamond Wedding Gown.

05 DECEMBER 2010

Wearing the "Happy Woman" collection, Ms. Kelly Chen, spokeswoman of 3D-GOLD Jewellery, demonstrated the brand's philosophy in the latest television commercial.

06 DECEMBER 2010

3D-GOLD Jewellery sponsored the "18th 3D-GOLD Super Kung Sheung Cup International Basketball Invitation Championship" to further support the promotion of Hong Kong sports development.

04 NOVEMBER 2010

3D-GOLD Jewellery and Zunl.com jointly sponsored the WONDER GIRLS "Live in Hong Kong 2010" concert and "Happy Woman" diamond pendants were presented to Wonder Girls as a blessing.

07 JANUARY 2011

3D-GOLD Jewellery sponsored the expecting film for Valentine's Day 2011, "What Women Want" and it's Beijing & Shanghai Gala Premiere where the "Happy Women On Your Heart" Collection was launched.

MAJOR EVENTS

08 FEBRUARY 2011

Mr. Eric Tsang was appointed as the “Supreme Star” of 3D-GOLD Jewellery, spokesman of corporate gift, to promote corporate gifts.

10 APRIL 2011

Ms. Kelly Chen and Mr. Eric Tsang, the spokeswoman and “Supreme Star” of 3D-GOLD Jewellery, were the officiating guests of the grand opening ceremony of the Tsimshatsui main shop of 3D-GOLD Jewellery.

09 FEBRUARY 2011

3D-GOLD Jewellery supported the <Goodbye Lullaby> Regional Album Launch Showcase of Avril Lavigne.

11 APRIL 2011

3D-GOLD Jewellery launched the "Love-Hunting HD" iPhone/iPad App, demonstrating a total different experience of love adventure.

12 MAY 2011

Mr. Eric Tsang, the "Supreme Star" of 3D-GOLD Jewellery, was the officiating guest of the first shop jointly-operated by 3D-GOLD Jewellery and Tanyutou, the famous Sichuan Hot Pot Group, in Chengdu.

13 JULY 2011

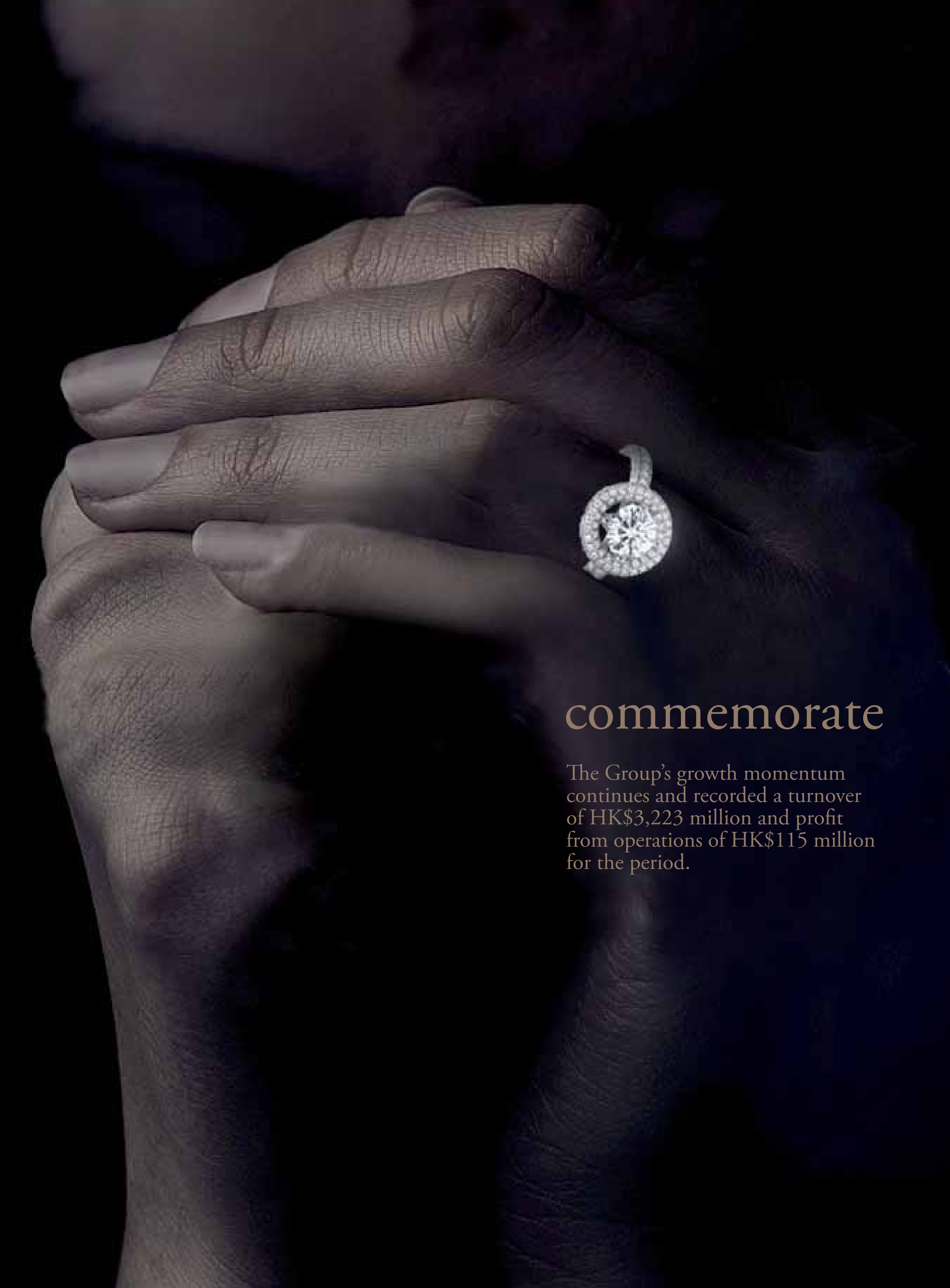
3D-GOLD Jewellery produced the world's heaviest pure gold Wong Tai Sin statue for National Arts Holdings Limited, a listed company on the Stock Exchange of Hong Kong Limited, and is now placed in Xiqieuo Shan, Foshan.

14 AUGUST 2011

Ms. Kelly Chen, spokeswoman of 3D-GOLD Jewellery, and Mr. Eric Tsang, "Supreme Star" of 3D-GOLD Jewellery, attended the opening ceremony of Lianyungang shop of 3D-GOLD Jewellery in Jiangsu and the launch of "Happy Women" 2011 Collection.

Mapping Growth

Mainland China is the world's second largest consumer market for luxury goods. China continues to provide large market potential for HKRH. The Group will continue to pursue a proactive yet prudent strategy to strengthen our core competencies and competitiveness.



commemorate

The Group's growth momentum continues and recorded a turnover of HK$3,223 million and profit from operations of HK$115 million for the period.

Chairman's Statement

Going forward, inspired by the promising market potential and increasing popularity of unique corporate gifts in China.

Dear Shareholders,

On behalf of Hong Kong Resources Holdings Company Limited ("**HKRH**" or the "**Group**"), I am pleased to present to you the Group's annual results for the 15 months ended 30 June 2011 ("**Year 2011**").

The growth in the Mainland China economy has continued to stimulate domestic consumption and the retail sales of gold and silver jewellery continues to expand. Year 2011 was a year of capturing such opportunities generated by the robust economic growth, where the Group's retail sales recorded a strong growth via the expansion of our network, reaching over 300 points of sales in Hong Kong, Macau, and Mainland China under the brand "3D-GOLD" and "La Milky Way" as at 30 June 2011. With over 80% of the Group's revenue generated from Mainland China, we believe this growth momentum will continue.

In pursuit of the market opportunities ahead, the Group has established a solid infrastructure with the opening of the 3D-GOLD's operations headquarters in Shenzhen in September 2010 and seven regional offices, in Mainland China over this period. This solid foundation will provide great support to the Group's strategic plan of adding 100 new points-of-sale each year, to reach a total of 500 by 2012 and 800 by 2015. Notwithstanding the significant increase in costs incurred by the infrastructure, we have been carefully monitoring the financial impact on the Group as well as factors which might affect the world and domestic economy as well as our operating costs. We believe that setting up of current infrastructure will drive the performance of the Group in the near future.

Going forward, inspired by the promising market potential and increasing popularity of unique corporate gifts in China, the Group has expanded into the corporate gift market, while continuing on the five-year strategic plan for our retail network. The Group has appointed Mr. Eric Tsang as the worldwide spokesman for 3D-GOLD's corporate gifts, in addition to 3D-GOLD's spokeswoman Ms. Kelly Chen. The prominent profiles of our spokespersons are expected to promote our product series while strengthening our brand image.

At the same time, the Group has launched its e-commerce platform "Zun1.com" to capture the fast emerging cyber market in Mainland China by broadening the sales channels.

Chairman's Statement

For the future, the Group will continue to focus on the development of the China market, which has the world's second largest consumer market for luxury goods with the fastest growth rate in luxury consumption in 2010, according to the World Luxury Association. In 2011/2012, The Group will continue to pursue a proactive yet prudent strategy to strengthen our core competencies and competitiveness.

In the recent 2011 Shenzhen Jewellery Fair held in mid-September 2011, 3D-GOLD has received approximately 180 letters of intent from interested parties to join our franchise program. And as of this date, over 80% of them have already joined the program and signed the franchise agreements. This is of our record high. We are confident to the gold and jewellery retail market in Mainland China and is positive in the opportunities ahead for the Group.

On behalf of the Board, I would like to express our appreciation to the management team and staff of the Group for their contributions; we also convey our gratitude to all our shareholders for their continuous support. As always, we strive to create greater value for our shareholders and investors in the year ahead.

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

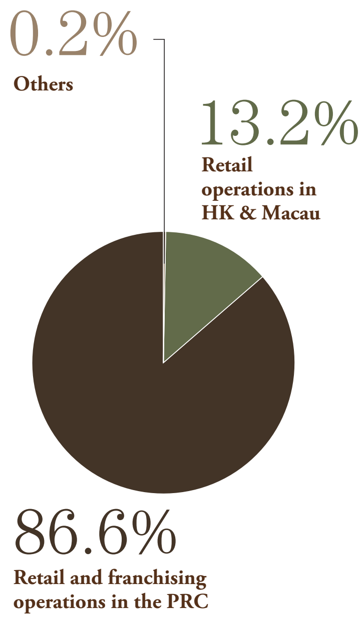
Hong Kong, 28 September 2011

Management Discussion and Analysis

With promising market potential and increasing popularity of corporate gifts in China.

The board of directors (the "**Board**") of Hong Kong Resources Holdings Company Limited (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (collectively the "**Group**") for the 15 months ended 30 June 2011 (the "**Financial Year**" or "**Period**").

Turnover Breakdown by Business



CHANGE OF FINANCIAL YEAR END DATE

On 30 November 2010, the Board resolved to change the financial year end date of the Company from 31 March to 30 June so as to be consistent with the business and marketing of the Group. Accordingly, the current financial year covers the period from 1 April 2010 to 30 June 2011; the Company had prepared the first interim results for the 6 months period from 1 April 2010 to 30 September 2010, and the second interim results for the 12 months period from 1 April 2010 to 31 March 2011.

OVERVIEW

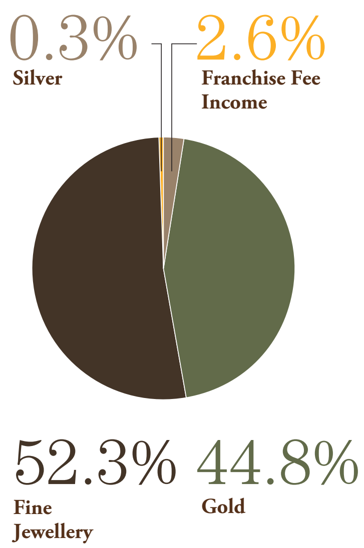
The Group is engaged in the retail and franchise operations for selling gold and jewellery products in Hong Kong, Macau and other regions ("**Mainland China**") in the People's Republic of China (the "**PRC**").

The Group's growth momentum has continued since 2009. For the Period, the Group has recorded a turnover of HK$3,223 million, representing an increase of 150% as compared to the turnover of approximately HK$1,290 million last year. The profit from operations of HK$115 million for the Period increased 121% as compared to HK$ 52 million last year.

The increase in the Group's turnover, gross profit and profit from operations has mainly resulted from retailing and franchising of gold and jewellery products; for the year 2010, contribution came from the completion of the 3D-GOLD Acquisition (as defined in 2010 Annual Report) in July 2009, which represented 8 months of retailing and franchising operations.

The Group recorded a significant growth throughout the Period as a result of our substantial investment in brand development. The Group's Hong Kong and Macau markets have recovered significantly since the 3D-GOLD Acquisition by the Group, with same-store-growth of 50% whereas the same for Mainland China was 31% when compared with the same period under the management since the completion of 3D-GOLD Acquisition.

Gross Profit Analysis by Products



over
300
shops in China

322 shops in Mainland China
11 shops in Hong Kong
2 shops in Macau

22	Anhui
19	Beijing
9	Chongqing
1	Dalian
6	Fujian
2	Gansu
42	Guangdong
13	Guangxi
2	Guizhou
3	Hainan
10	Hebei
5	Heilongjiang
8	Henan
11	Hong Kong
19	Hubei
8	Hunan
5	Inner Mongolia
31	Jiangsu
4	Jiangxi
4	Jilin
7	Liaoning
2	Macau
1	Ningxia
1	Qinghai
8	Shaanxi
49	Shandong
9	Shanghai
4	Shanxi
6	Sichuan
10	Tianjin
1	Tibet
3	Xinjiang
5	Yunnan
5	Zhejiang

金至尊 3D-GOLD　　尊1网 zun1.com　　LA MILKY WAY

Management Discussion and Analysis

To capture the vast growing market of Mainland China, apart from acquiring the remaining 40% equity interest in China Gold Silver Group Company Limited in May 2010, The Group has, through significant investment, opened an operations headquarters in Shenzhen in September 2010, as well as seven regional offices. The Shenzhen headquarters occupies a floor area of 10,000 square meters, including a spacious area designed to showcase a wide range of jewellery series, providing a one stop viewing opportunity for franchisees. The associated capital expenditure spent on the headquarters amounted to HK$22 million while HK$4 million was spent on the grand opening ceremony.

The profit for the Period attributable to owners of the Company amounted to HK$38 million (2010: HK$114 million), after deducting changes in fair value of financial instruments and gold loans, finance costs, share of results of associates and share of result of a jointly controlled entity. In addition, management has focused on achieving lower financing costs, which are expected to improve the results of the Group.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK0.875 cents (2010: HK0.35 cents) per preference share of the Company and HK0.2 cents (2010: HK0.35 cents) per ordinary share of the Company for the 15 months ended 30 June 2011, to the holders of preference shares and ordinary shares of the Company respectively, resulting in a total dividend payment of approximately HK$4 million (2010: HK$6.9 million), subject to approval by the shareholders in the upcoming annual general meeting of the Company.

As at 30 June 2011, the Company has 1,969,086,029 ordinary shares issued and fully paid and 403,374 preference shares issued and fully paid.

The dividend shall be payable on or about 30 November 2011 to holders of preference shares and ordinary shares whose names appear on the Company's register of members on 16 November 2011.

For the ordinary shares, the register of members will be closed from 14 November 2011 to 16 November 2011, both days inclusive, during which period no transfer of ordinary shares will be registered. To qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not be later than 4:00 p.m. on 11 November 2011.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

Retail Operations

The Group's five-year strategic plan has continued on track, including the expansion in Mainland China. Turnover from the Hong Kong & Macau retail operations has amounted to HK$430 million and HK$2,793 million from the Mainland China operation.

During the Period, 117 new shops and counters opened in Hong Kong, Macau and Mainland China. As at 30 June 2011, the Group has 9 points-of-sale in Hong Kong, 2 points of sale in Macau and 306 points-of-sale in the Mainland China under the brandname "3D-GOLD", plus 2 points-of-sale in Hong Kong and 16 points-of-sale in Mainland China under the brandname "La Milky Way". Of the points-of-sale in the Mainland China, 141 are self operated and 181 are franchised.

The Group has tapped into the fast developing cities in various parts of Mainland China, our growth plans will be continuously adjusted for financial returns, marketing benefits and strategic advantages. Prospectively, the Mainland China market will remain our key growth driver in the future.

To further broaden the sales channels, the Group has launched an e-commerce platform to capture the high ground in the fast emerging cyber market in Greater China and other regions. With promising market potential and increase in popularity of corporate gifts in China, the Group has expanded into the corporate gift market, including cooperation with the Agricultural Bank of China Limited.

Management Discussion and Analysis

The Group has also planned to allocate more resources to the selling of fine jewellery to advance our image and product range for greater returns. In April 2011, the Group has opened its flagship store at 99 Nathan Road, Tsim Sha Tsui, Hong Kong.

Marketing and Promotion

The Group strongly believes in the value of a strong brand. A strong jewellery brand means trust, value, quality and design while trust facilitates the buying decision. The Group continues to promote the "3D-GOLD" brand through a comprehensive marketing programme and to present a corporate image of superior quality.

The Group's marketing programme includes joint promotion, sponsorship and exhibition as follows:

- Appointed Mr. Eric Tsang as the "Supreme Star" of 3D-GOLD to promote corporate gift.
- Sponsored the local basketball match, "3D-GOLD Cup Super League 2010".
- Sponsored the "Hong Kong International Dragon Boat Races", with the sponsor of a pure gold dragon ornament to the Champion of "3D-GOLD Jewellery Greater China Cup" for 2010.
- Launched the Diamond Wedding Gown, valued at HK$12.88 million, by "3D-GOLD Jewellery x Dorian Ho".
- Sponsored under the name, 3D-GOLD Jewellery, the crown and scepter of Ms Chinese International Pageant 2010.
- 3D-GOLD Jewellery and Zun1.com jointly sponsored the "WONDER GIRLS Live in Hong Kong 2010".
- Sponsored the "18th 3D-GOLD Super Kung Sheung Cup International Basketball Invitation Championship".
- Sponsored the "45th Creative Advertising Video Award" which was organized by The Chinese Manufacturers' Association of Hong Kong.
- Supported approximately 200 youngsters from China to join the "MAD (Make-A-Difference) 2011-Flagship Event for Young Changemakers in Asia".
- Sponsored the trophy of the "2010 Outstanding Performance Artiste Awards" organized by Hong Kong Performing Artistes Guild.
- Sponsored the Chinese New Year Movie, "I Love Hong Kong".

Management Discussion and Analysis

Marketing and Promotion – continued

- Sponsored the Beijing, Shanghai and Hong Kong Gala Premiere of "What Women Want" together with the launch of "Happy Women On Your Heart" Collection.
- Served as title and premier sponsor for "The Legend is Born – Ip Man".
- Sponsored the 2011 Chinese New Year decoration and "Golden Dragon Dance" with "3D-GOLD" God of Fortune at Lan Kwai Fong.
- Sponsored Avril Lavigne on the Regional Album Launch Showcase of "Goodbye Lullaby".
- Sponsored the "Elite Challenge" of "JessicaRun 2011".
- Sponsored the "Aircraft Pull" event for creating a new Guinness World Record to celebrate the 100th Anniversary of Aviation Development in Hong Kong.
- Invited our spokespersons, Ms. Kelly Chen and Mr. Eric Tsang as the ribbon-cutting guests for the grand opening of Tsim Sha Tsui Main Flagship Store of 3D-GOLD Jewellery.
- Launched the 3D-GOLD's "Love-Hunting HD" iPhone/iPad App, providing our customers a totally different experience of love adventure.
- Placed advertisement at poster-on-wall, lightboxes and digital panels of MTR and outdoor billboards.
- Supported the fundraising campaign of "Sheen Hok – The Rainbow Project for Children with Amblyopia" in Nanning.
- Invited 3D-GOLD spokeswoman, Ms. Kelly Chen, to launch the "Happy Woman" Diamond Pendant through the latest television commercial.
- Sponsored the Dorian Ho's Fashion Show at Beijing Fashion Week and launched the "Bridal Collection 2011", a collaboration between 3D-GOLD Jewellery and Dorian Ho.
- Invited Mr. Eric Tsang as officiating guest of the first jointly-operated shop by 3D-GOLD Jewellery and Tanyutou, the famous Sichuan Hot Pot Group, in Chengdu.
- Sponsored the jewellery for celebrities to attend the 2011 Shanghai International Film Festival.
- 3D-GOLD Jewellery produced the World's heaviest pure gold Wong Tai Sin Statue at Xiqiao Shan, Foshan for National Arts Holdings Limited, a listed company on the Stock Exchange of Hong Kong Limited.

Management Discussion and Analysis

Marketing and Promotion – continued

- Invited Ms. Kelly Chen and Mr. Eric Tsang, as opening guests for the Lianyungang New Image Shop of 3D-GOLD Jewellery in Jiangsu, with the launch of the latest "Happy Women" Collection.
- 3D-GOLD participated in the 2010 and 2011 Shenzhen International Jewellery Fair.
- 3D-GOLD Jewellery sponsored the official crown of Ms Chinese Cosmo Pageant 2010 and 2011.

Awards and Achievements

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

Hong Kong

- "Heart to Heart Company" by the Hong Kong Federation of Youth Groups.
- "The 6th Prime Award for Brand Excellence" to 3D-GOLD Jewellery presented by MetroBOX Prime.
- "The Excellence of Listed Enterprise Awards 2010" by Capital Weekly.
- "HOTTEST BRAND AWARDS 2010" by JessicaCode and Jessica Weekly awarded to 3D-GOLD Jewellery.
- "Best 2010/2011-One of the Best Local Jewellery Brand" awarded by Darizi to 3D-GOLD Jewellery.
- "Hong Kong Top Service Brand" awarded to 3D-GOLD Jewellery by Hong Kong Brand Development Council.
- "The 11th Capital Outstanding Enterprise Awards" awarded by Capital Magazine to 3D-GOLD Jewellery.
- "Caring Company Scheme" awarded to the Company by The Hong Kong Council of Social Service.

China

- 3D-GOLD ranked 177th in the "China's 500 Most Valuable Brands 2011", and 2nd in the category of jewellery brands, with a brand value of RMB7.6 billion.

Management Discussion and Analysis

Investor Relation

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

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

Prospects

The increasing personal income among Mainland Chinese and the low personal consumption of jewellery imply room for growth. According to the National Bureau of Statistics, the total retail sales of gold and silver jewellery in the PRC for the first eight months of 2011 increased by 48.7% compared with the same period in 2010. Growth in the PRC economy has continued to stimulate domestic consumption. Rising spending power, coupled with the trust in gold as a store of value, has resulted in Mainland consumers' increasing purchases of gold products. With over 80% of the turnover from Mainland China, the Group remains confident and positive to the gold and jewellery retail market for the years ahead and will continue to enlarge its retail network in Mainland China.

In the recent 2011 Shenzhen Jewellery Fair held in mid-September 2011, 3D-GOLD has received approximately 180 letters of intent from interested parties to join our franchise program. As of this date, about 80% of them have already joined the program and signed the franchise agreements. This is of our record high. We are confident to the gold and jewellery retail market in Mainland China and is positive in the opportunities ahead for the Group.

In addition, total visitors arrival to Hong Kong in July 2011 reached 3.84 million marking an increment of 22.4% year to year and a cumulative increase of 15.9% from January to July 2011. The Hong Kong jewellery market will continue to benefit from the surge of tourists.

Looking ahead, apart from the expansion and brand recognition plans, the Group will continue to develop closer relations with strategic investors and business associates in the industry. Closer relations with these two groups are advantageous to the Group in winning a larger share in both the Hong Kong and Mainland China markets.

Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group centralises funding for all its operations through the corporate treasury based in Hong Kong. As at 30 June 2011, the Group had total cash and cash equivalents amounting to HK$261 million (31 March 2010: HK$156 million) whilst total net assets were HK$610 million (31 March 2010: HK$686 million). The Group's net gearing ratio as at 30 June 2011 was 80% (31 March 2010: 16%), being a ratio of total borrowing of HK$748 million (31 March 2010: HK$266 million) less pledged bank deposits and bank balances and cash of HK$261 million (31 March 2010: HK$156 million) to total equity of HK$610 million (31 March 2010: HK$686 million).

In acquiring the remaining 40% equity interests in China Gold Silver Group Company Limited, which became a wholly owned subsidiary of the Company in May 2010 after the acquisition, the Company issued approximately 222 million consideration shares at HK$1.38 per consideration share as part of the acquisition consideration.

In improving the Group's liquidity for business expansion, in August and September 2010, the Company issued 2 tranches of convertible bonds in the aggregate principal amount of HK$354 million due 2 to 3 years from the issue date, and convertible into shares at the conversion price of HK$1.58 per conversion share (subject to adjustment). Assuming full conversion of the convertible bonds and there is no adjustment to the conversion price, a total of approximately 224 million conversion shares will be allotted and issued.

Contingencies and Commitments

Contingencies and commitments of the Group as at 30 June 2011 are set out in notes 32, 33 and 37 to the consolidated financial statements.

Pledge of Assets

As at 30 June 2011, the Group's inventories and bank deposits with a carrying amount of HK$240 million and HK$36 million (31 March 2010: HK$139 million and nil) respectively were pledged to banks as securities to obtain the banking facilities granted to a subsidiary of the Group.

Financial Risk and Exposure

Except for the financial derivatives set out in note 25 to the consolidated financial statements, the Group did not have any outstanding material foreign exchange contracts, interest or currency swaps, or other financial derivatives as at 30 June 2011.

Employees and Remuneration Policy

As at 30 June 2011, the Group had 2,153 employees (31 March 2010: 2,117). The Group's remuneration policy is periodically reviewed by the Remuneration Committee and the Board. Remuneration is determined by reference to market conditions, company performance, and individual qualifications and performance.

Corporate Social Responsibilities

Through close corporation among departments and enthusiastic support from management and all staff, our Group (and its subsidiaries), including Hong Kong Resources Holdings Company Limited, 3D-GOLD Management Services Limited, 3D-GOLD Jewellery (HK) Limited and La Milky Way Jewellery Limited, has won simultaneous award of the "Caring Company" logo 2010/11 from The Hong Kong Council of Social Service, with nominations from St. James' Settlement and The Hong Kong Federation of Youth Groups; the award commends our Group's enthusiastic contributions to community, cooperation with social partners and implementation of the cooperate social responsibilities ("CSR"). The award is proof of our Group's care for society, employees as well as environment. Our Group will continue to promote corporate social responsibility in the future. Meanwhile, we will spread the "Care and Love" message, and to help build a harmonious community with public hand in hand.

Care for Employees

Our Group holds different types of staff events regularly to promote work-family balance and actively communicates with employees; activities include, Summer Holiday Staff-Family Trip, Christmas Party, Spring Dinner, Mid-Autumn Festival Staff Party and Staff Sports Day etc.

"Sheen Hok-The Rainbow Project for Children with Amblyopia" fundraising campaign

Our Group supported the fund raising campaign of "Sheen Hok – The Rainbow Project for Children with Amblyopia" in Nanning.

Hong Kong and New Territories Walks for Millions 2011

Our Group donated a total of HK$100,000 to support the social welfare agencies of The Community Chest for development and providing training services for children and youth.

The Salvation Army "Action for Loving Recycle"

In the period of 2010-2011, our "Love Recycle Vehicle" totally collected 574 pieces of clothes, electronic applicants, toys and others to The Salvation Army to encourage the Group staff to reduce waste and support the needy through donations for reuse and recycling.

Corporate Social Responsibilities

"JESSICA Run 2011" 3D-GOLD Jewellery Charity Booth

Mr Dennis To, Jewellery Collection Spokesperson of 3D-GOLD Group and our Group staff formed the "3D-GOLD Jewellery Team" and jointly finished the Corporate Team Challenge. Our Group "Love and Care Volunteers Team" cooperated with "Make-A-Wish Hong Kong Foundation" to hold a charity booth at site for promoting the HKRH Group and spreading the love message.

The Hong Kong Federation of Youth Groups "Angels of Hearts to Hearts" Visit Elderly Citizens Voluntary Service

Our Group "Love and Care Volunteers Team" for the first time cooperated with 20 "Love Angels" of Po Leung Kuk Wong Wing Shu Primary School visit in Cheung Kwan O "Yam Pak Charitable Foundation King Lam Home For The Elderly". Our Group volunteers and the "Love Angels" jointly performed Tang poetry recital, singing and dancing to bring the joy and good wishes to the elderly.

Friends of the Earth "Tree Planting Challenge 2011"

"3D-GOLD Jewellery Team", formed from the Group's "Love and Care Volunteers Team", planted 102 trees in Tai Lam Country Park to preserve the environment through pro-active reforestation.

Sole-sponsor of the contest held by the International Association of Hand-in-Hand Divers (Hong Kong) on sports event

To spread the message of care and inclusiveness for both the healthy and handicapped, our Group has donated a total of HK$19,594, as sole sponsor for the paddlers' uniform, gloves and enrollment fee in the Adaptive Paddling Invitation Race of Hong Kong International Dragon Boat Race 2011, under the name of the International Association of Hand-in-Hand Divers (Hong Kong).

St. James' Cup Charity Golf Tournament 2011

To support the St. James' Settlement "People's Food Bank" and "Grant-in-aid Brighten Children's Lives" charity projects, 3D-Gold Jewellery sponsored HK$10,000 for the event. The sponsorship was used to help people in need through providing emergency food assistance, and to improve learning conditions of deprived children through distributing free stationery, books and other learning materials.

Profiles of Directors

EXECUTIVE DIRECTORS

Dr. Wong, Kennedy Ying Ho, *BBS, J.P.,* Chairman, aged 48, was appointed as an Executive Director on 30 September 2008. Dr. Wong is a solicitor, China Appointed Attesting Officer and a director of the China Law Society. He is the managing partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co., Solicitors & Notaries, a solicitors' firm headquartered in Hong Kong with offices in Beijing and Shanghai. Dr. Wong is also a director of China Overseas Land & Investment Limited (Stock Code: 688), Goldlion Holdings Limited (Stock Code: 533), Asia Cement (China) Holdings Corporation (Stock Code: 743), Shanghai Industrial Urban Development Group Limited (Stock Code: 563), Pacific Alliance Asia Opportunity Fund Limited, Bohai Industrial Investment Fund Management Company Limited and Hong Kong Airlines Limited, all are listed companies or multi-national companies with substantial investments in the People's Republic of China or Asia.

Mr. Chui Chuen Shun, aged 57, was appointed as an Executive Director on 30 September 2008. Mr. Chui is an honorary associate of the Hong Kong Baptist University and has obtained a master of science degree in financial studies from Scottish Business School, University of Strathclyde, U.K. Mr. Chui is also a fellow member of the Hong Kong Institute of Certified Public Accountants. He previously had worked for China Light and Power Group for more than 20 years in various management positions and his last position was an assignment to the China Shenzhen Daya Bay Nuclear Power Station as the chief auditor for the joint venture company. Mr. Chui has considerable working experience in corporate governance and risk management.

Dr. Hui Ho Ming, Herbert, *J.P.,* aged 53, was appointed as an Executive Director in August 2002. Dr. Hui has over 25 years experience in merchant banking, securities regulation as well as extensive commercial and corporate finance experience. He is an executive director of Right Day Holdings Limited. Dr. Hui serves on the boards of a number of publicly listed companies as well as public bodies. He is currently the chairman of the Finance Committee of the APAS Research and Development Centre and a court member of the Hong Kong University of Science and Technology. He is the immediate past chairman of the Hong Kong Institute of Directors, and from 1992 to 1997, he served as the deputy chief executive and head of the listing division of the Hong Kong Stock Exchange Ltd. He serves as independent non-executive director on the boards of Citic 21 CN Ltd (Stock Code: 241) and Dynasty Fine Wines Group Limited (Stock Code: 828), both are listed on the Stock Exchange of Hong Kong Limited. He was appointed as a member of the Hong Kong Education and Manpower Bureau's post-secondary education providers, vesting committee and selection committee for the allocation of sites to post-secondary education providers.

Mr. Mung Kin Keung, aged 51, was appointed as a Non-executive Director on 30 September 2008 and re-designated as an Executive Director on 31 October 2008. Mr. Mung holds a conferment of honorary doctoral degree from Sinte Gleska University of California. In November 2007, Mr. Mung was awarded the 9th World Outstanding Chinese Award by the World Chinese Business Investment Foundation. He has over 10 years' experience in areas of business management, strategic planning and development. Mr. Mung was appointed as an executive director of Mastermind Capital Limited (Stock Code: 905) in March 2007 and Shougang Concord Technology Holdings Limited (Stock Code: 521) in February 2009. He was re-designated as the vice-chairman of Shougang Concord Technology Holdings Limited in May 2010.

Profiles of Directors

Dr. Liu Wangzhi, aged 50, was appointed as an Executive Director on 12 July 2010. Dr. Liu has played a leading role in the jewelry industry in the PRC for over 20 years and has been appointed to key positions in many jewelry associations throughout the PRC, including as a member of China Jade and Jewelry Manufactory Association, a director of Guangdong Province Gold and Jewelry Business Association, the deputy chairman of the Guangdong Province Gold Association, the deputy chairman of Gold and Jewelry Decoration Industry Association of Shenzhen, the PRC, and the deputy chairman of Hou Jie Association of Commerce in Dongguan City. Dr. Liu is a director of Ming Feng Group Holdings Limited. Dr. Liu was awarded an honorary doctoral degree of philosophy in 2009 by the Queen's University of Brighton, the United States.

Mr. Lam Kwok Hing, Wilfred, *J.P.,* aged 52, joined the Company as Director of Business Operations (China) and as Group Vice President of 3D-GOLD Jewellery Group on 1 April 2009. Mr. Lam was appointed as Executive Director and Group Vice President on 17 August 2011. Mr. Lam holds a bachelor degree in Law with honours from the University of Hong Kong. Mr. Lam is the non-executive vice-chairman and non-executive director of National Art Holdings Limited (Stock Code: 8228) and the independent non-executive director of Value Convergence Holdings Limited (Stock Code: 821), The Hong Kong Building and Loan Agency Limited (Stock Code: 145) and PME Group Limited (Stock Code: 379), all of the companies are listed on the Stock Exchange of Hong Kong Limited.

Ms. Wong Wing Yan, Ella, aged 34, joined the Company as Chief Financial Officer in August 2009 and was appointed as Executive Director on 17 August 2011. Ms. Wong is a fellow member of the CPA (Australia) and holds a bachelor degree in commerce majoring in accounting and finance from the University of Sydney, Australia in 1997. Prior to joining the Company, Ms. Wong has over 12 years of experience in accounting and auditing at an international accounting firm and has extensive experience in auditing and financial management.

NON-EXECUTIVE DIRECTOR

Mr. Kung Ho, aged 34, was appointed as a Non-Executive Director on 13 April 2010. Mr. Kung holds a bachelor degree in computer information system and a master degree in software engineering from the University of Scranton, Pennsylvania, the United States of America. He is a manager of Chinachem Group Management (Hong Kong) Limited ("Chinachem Group"), responsible for supervising all the properties in the Chinachem Group, marketing, sale and lease of the properties, and participating in Chinachem Group's investment projects in China. Prior joining the Chinachem Group, Mr. Kung worked at Volante System Inc. (Hong Kong) as a system analyst and AisaHub Inc. (Hong Kong) as a senior programmer, assisting The Education Bureau of Hong Kong in analysing its computer systems and The Hong Kong Housing Authority in developing and enhancing its computer systems, respectively.

Profiles of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fan, Anthony Ren Da, aged 51, was appointed as an Independent Non-Executive Director on 30 September 2008. Mr. Fan holds a master degree of business administration from the United States. He is the chairman and managing director of AsiaLink Capital Limited. Prior to that, Mr. Fan held senior positions with various international financial institutions and was the managing director of a company listed on the Stock Exchange of Hong Kong Limited. Mr. Fan is an independent non-executive director of Uni-President China Holdings Ltd. (Stock Code: 220), Citic Resources Holdings Limited (Stock Code: 1205), Shanghai Industrial Urban Development Group Limited (Stock Code: 563), Renhe Commercial Holdings Company Ltd. (Stock Code: 1387) and Raymond Industrial Limited (Stock Code: 229), all are listed on the Stock Exchange of Hong Kong Limited. Mr. Fan is also an independent non-executive director of Shenzhen World Union Properties Consultancy Co. Ltd., a company listed on the Shenzhen Stock Exchange.

Ms. Estella Yi Kum Ng, aged 54, was appointed as an Independent Non-executive Director on 30 September 2008. Ms. Ng is the chief financial officer and qualified accountant of Country Garden Holdings Company Limited (Stock Code: 2007), a company listed on the Stock Exchange of Hong Kong Limited. From September 2005 to November 2007, she was an executive director of Hang Lung Properties Limited (Stock Code: 101), a company listed on the Stock Exchange of Hong Kong Limited. Prior to her joining to Hang Lung Properties Limited in 2003, she was employed by the Stock Exchange of Hong Kong Limited in a number of senior positions, most recently as senior vice president of the listing division. Prior to that, she gained valuable auditing experience with Deloitte Touche Tohmatsu. Ms. Ng is a qualified accountant and holds a master of business administration degree from the Hong Kong University of Science and Technology. She is an associate of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Secretaries and Administrators and a fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. She has also contributed her time to public service appointment including being a co-opted member of the audit committee of the Hospital Authority.

Mr. Wong Kam Wing, aged 61, was appointed as an Independent Non-executive Director on 30 September 2008. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants. He has worked for China Light and Power Group for more than 30 years. Mr. Wong has considerable professional experience in project development and financial management through his career development in the group. He had been assigned key positions in several joint venture companies including Dayabay, Huaiji and Shandong power projects.

Corporate Governance Report

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

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

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

The current corporate governance practices of the Company will be reviewed and updated in a timely manner in order to comply with the Code Provision.

DIRECTORS' SECURITIES TRANSACTIONS

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

Corporate Governance Report

BOARD COMPOSITION

The Board comprises the following Directors during the Financial Year and up to the date of this annual report. Brief profiles of the Directors are set out on pages 25 to 27 of this annual report.

Executive Directors

Dr. Wong, Kennedy Ying Ho	
Mr. Chui Chuen Shun	
Dr. Hui Ho Ming, Herbert	
Mr. Mung Kin Keung	
Dr. Liu Wangzhi	*(appointed on 12 July 2010)*
Mr. Lam Kwok Hing, Wilfred	*(appointed on 17 August 2011)*
Ms. Wong Wing Yan, Ella	*(appointed on 17 August 2011)*

Non-executive Directors

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

Independent Non-executive Directors

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

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

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

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

Executive Directors	**Attendance**
Dr. Wong, Kennedy Ying Ho	10/13
Mr. Chui Chuen Shun	12/13
Dr. Hui Ho Ming, Herbert	12/13
Mr. Mung Kin Keung	8/13
Dr. Liu Wangzhi	6/10
Mr. Lam Kwok Hing, Wilfred	Not Applicable
Ms. Wong Wing Yan, Ella	Not Applicable

Corporate Governance Report

Non-executive Directors	**Attendance**
Mr. Yin Richard Yingneng	2/5
Mr. Kung Ho	7/12

Independent Non-executive Directors	**Attendance**
Mr. Fan, Anthony Ren Da	7/13
Ms. Estella Yi Kum Ng	8/13
Mr. Wong Kam Wing	10/13

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

According to the Company's bye-laws, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office until the next annual general meeting of the Company and shall then be eligible for re-election. Furthermore, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation.

REMUNERATION COMMITTEE

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

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

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

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

Corporate Governance Report

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

Remuneration Committee	Attendance
Mr. Fan, Anthony Ren Da	2/2
Dr. Wong, Kennedy Ying Ho	1/2
Mr. Chui Chuen Shun	2/2
Ms. Estella Yi Kum Ng	2/2
Mr. Wong Kam Wing	2/2

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") comprises an executive director, Dr. Wong, Kennedy Ying Ho, two non-executive directors, namely, Mr. Yin Richard Yingneng (resigned on 19 July 2010) and Mr. Kung Ho (appointed on 13 April 2010), and three independent non-executive directors, namely, Mr. Fan, Anthony Ren Da, Ms. Estella Yi Kum Ng and Mr. Wong Kam Wing. Mr. Kung Ho is the chairman of the Nomination Committee.

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

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

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

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

During the year, 1 Nomination Committee meeting was held and the attendance of each member is set out below:

Nomination Committee	Attendance
Mr. Kung Ho	0/1
Mr. Yin Richard Yingneng	0/1
Dr. Wong, Kennedy Ying Ho	0/1
Mr. Fan, Anthony Ren Da	1/1
Ms. Estella Yi Kum Ng	1/1
Mr. Wong Kam Wing	1/1

Corporate Governance Report

ESTABLISHMENT OF SPECIAL COMMITTEE

The Board has been informed by Dr. Wong, Kennedy Ying Ho ("Dr. Wong") and Mr. Chui Chuen Shun ("Mr. Chui") respectively that Dr. Wong and Mr. Chui have been requested to assist The Independent Commission Against Corruption (the "ICAC") in their Investigations in July 2011. To the best knowledge, information and belief of the Board, the Investigations relate to alleged irregular activities in the acquisition of shares in Ocean Grand Chemicals Holdings Limited (the "Investigations"), the former name of the Company, as part of the scheme of arrangement in 2008. The Board has received confirmation from Dr. Wong and Mr. Chui that the Investigations were initiated against Dr. Wong and Mr. Chui in their personal capacities and do not relate to the current affairs of the Company or its subsidiaries.

To the best knowledge, information and belief of the Board, based upon information provided by Dr. Wong and Mr. Chui, as at the date of this report, no charges had been laid by the ICAC against any of the aforesaid persons, the Company or the Company's past or existing directors, substantial shareholders and/or employees of the Company.

The Board has set up a Special Committee constituting all the Independent Non-executive Directors comprising Mr. Fan, Anthony Ren Da, Ms Estella Yi Kum Ng and Mr. Wong Kam Wing to monitor the developments in the Investigations and to conduct an ongoing review to ensure that no actual or potential conflict of interests exist between (i) Dr. Wong and/or Mr. Chui as Directors of the Company and (ii) the Board of the Directors (except Dr. Wong and Mr. Chui) and/or the Company due to the ongoing Investigations. To the best knowledge, information and belief of the Board, no such actual or potential conflict of interests exists at present. The Special Committee will propose appropriate action to deal with any actual or potential conflict of interest in the event that it becomes aware of such conflict of interest.

The Board believes that the Investigations will have no material adverse impact on the current and future managerial, operational and financial position of the Company.

ACCOUNTABILITY AND AUDIT

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

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

Corporate Governance Report

AUDIT COMMITTEE

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

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

The Audit Committee had reviewed with the external auditor the financial statements of the Group for the 15 months ended 30 June 2011.

During the Financial Year, 3 Audit Committee meetings were held and the attendance of each member is set out below:

Audit Committee	**Attendance**
Ms. Estella Yi Kum Ng	3/3
Mr. Fan, Anthony Ren Da	3/3
Mr. Wong Kam Wing	3/3

AUDITOR'S REMUNERATION

During the Financial Year, the remuneration paid or payable to the Company's auditor is set out below:

Auditor	**Services rendered**	**Fees paid/payable HK$'000**
Deloitte Touche Tohmatsu	Audit services	1,880
Deloitte Touche Tohmatsu	Non-audit services	1,045

COMMUNICATION WITH SHAREHOLDERS

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

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

Directors' Report

The directors of the Company (the "**Directors**") present their annual report and audited consolidated financial statements of the Company and of the Group for the 15 months ended 30 June 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 43 to the consolidated financial statements.

RESULTS, DIVIDEND AND OTHER DISTRIBUTION

The results of the Group for the 15 months ended 30 June 2011 are set out in the consolidated statement of comprehensive income on page 44.

The Board recommends the payment of a final dividend of HK0.875 cents (2010: HK0.35 cents) per preference share of the Company and HK0.2 cents (2010: HK0.35 cents) per ordinary share of the Company for the 15 months ended 30 June 2011, to the holders of preference shares and ordinary shares of the Company respectively, resulting in a total dividend payment of approximately HK$4 million (2010: HK$6.9 million), subject to approval by the shareholders in the upcoming annual general meeting of the Company.

As at 30 June 2011, the Company has 1,969,086,029 ordinary shares issued and fully paid and 403,374 preference shares issued and fully paid.

The dividend shall be payable on or about 30 November 2011 to holders of preference shares and ordinary shares whose names appear on the Company's register of members on 16 November 2011.

For the ordinary shares, the register of members will be closed from 14 November 2011 to 16 November 2011, both days inclusive, during which period no transfer of ordinary shares will be registered. To qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not be later than 4:00 p.m. on 11 November 2011.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the Financial Year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements during the Financial Year in the share capital of the Company are set out in note 29 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders of approximately HK$71 million at 30 June 2011 comprised contributed surplus of approximately HK$59 million and retained earnings of approximately HK$12 million.

Directors' Report

DIRECTORS

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

Executive Directors

Dr. Wong, Kennedy Ying Ho	
Mr. Chui Chuen Shun	
Dr. Hui Ho Ming, Herbert	
Mr. Mung Kin Keung	
Dr. Liu Wangzhi	*(appointed on 12 July 2010)*
Mr. Lam Kwok Hing, Wilfred	*(appointed on 17 August 2011)*
Ms. Wong Wing Yan, Ella	*(appointed on 17 August 2011)*

Non-executive Directors

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

Independent Non-executive Directors

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

In accordance with the Company's bye-laws, Mr. Chui Chuen Shun, Dr. Hui Ho Ming, Herbert, Mr. Fan, Anthony Ren Da, Mr. Lam Kwok Hing, Wilfred and Ms. Wong Wing Yan, Ella shall retire from office at the forthcoming annual general meeting and, being eligible, offers themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

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

Mr. Lam Kwok Hing, Wilfred has entered into a service contract with the Company in relation to his appointment as a director of business operations (China) of the Group, prior to his appointment as an Executive Director on 17 August 2011. He is not appointed for a specific term but subject to retirement by rotation and re-election at the annual general meeting pursuant to the bye-laws of the Company.

Ms. Wong Wing Yan, Ella has entered into a service contract with the Company in relation to her appointment as chief financial officer of the Company, prior to her appointment as an Executive Director on 17 August 2011. She is not appointed for a specific term but subject to retirement by rotation and re-election at the annual general meeting pursuant to the bye-laws of the Company.

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

Directors' Report

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

At 30 June 2011, the interests and short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "**SFO**"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

(a) Long positions in shares

	Number of ordinary shares			
Name of director	**Personal interests**	**Corporate interests**	**Total**	**% of issued ordinary shares**
Executive Directors				
Dr. Wong, Kennedy Ying Ho	4,574,373	705,564,805 (Note a)	710,139,178	36.06%
Mr. Chui Chuen Shun	6,085,900	–	6,085,900	0.31%
Dr. Hui Ho Ming, Herbert	19,271,900	–	19,271,900	0.98%
Mr. Mung Kin Keung	4,517,900	–	4,517,900	0.23%
Dr. Liu Wangzhi	15,556,000	156,874,847 (Note b)	172,430,847	8.76%
Non-executive Director				
Mr. Kung Ho	72,000	–	72,000	0.00%
Independent Non-executive Directors				
Mr. Fan, Anthony Ren Da	–	–	–	–
Ms. Estella Yi Kum Ng	–	–	–	–
Mr. Wong Kam Wing	3,790	–	3,790	0.00%

Notes:

(a) Of the 705,564,805 shares, 646,761,055 shares are held by Perfect Ace Investments Limited ("**Perfect Ace**") and 58,803,750 shares are held by Limin Corporation. Perfect Ace is wholly-owned by Ying Ho (Nominees) Limited ("**YH Nominees**"). YH Nominees holds 100% in trust for Limin Corporation which is wholly-owned by Dr. Wong, Kennedy Ying Ho ("**Dr. Wong**").

(b) The shares are held by Ming Feng Group Holdings Limited ("**Ming Feng**"). Ming Feng is owned as to 49% by Ms. Chan Yangfang ("**Ms. Chan**"), the spouse of Dr. Liu Wangzhi ("**Dr. Liu**") and 51% by Dr. Liu. Ms. Chan holds 49% shares in trust for Dr. Liu. As such, Dr. Liu deems to have interest in all the shares in Ming Feng.

Directors' Report

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

Name of director	Capacity	Number of shares interested	% of shareholding
Executive Directors			
Dr. Wong, Kennedy Ying Ho	Controlled corporation (Note a)	403,374	0.02%
	Beneficial owner (Note b)	1,000,000	0.05%
	Controlled corporation (Note c)	10,126,582	0.51%
Mr. Chui Chuen Shun	Beneficial owner (Note b)	1,000,000	0.05%
Dr. Hui Ho Ming, Herbert	Beneficial owner (Note b)	1,000,000	0.05%
	Beneficial owner (Note c)	5,063,291	0.26%
Mr. Mung Kin Keung	Beneficial owner (Note b)	1,000,000	0.05%
Dr. Liu Wangzhi	Beneficial owner (Note b)	1,000,000	0.05%
	Beneficial owner (Note c)	10,126,582	0.51%
Non-executive Director			
Mr. Kung Ho	Beneficial owner (Note b)	1,000,000	0.05%
Independent Non-executive Directors			
Mr. Fan, Anthony Ren Da	Beneficial owner (Note b)	551,790	0.03%
Ms. Estella Yi Kum Ng	Beneficial owner (Note b)	551,790	0.03%
Mr. Wong Kam Wing	Beneficial owner (Note b)	100,000	0.01%

Directors' Report

Notes:

(a) These derivatives are convertible preference shares of the Company. Dr. Wong was deemed to be interested in 403,374 convertible preference shares through his controlling interests in Perfect Ace and Limin Corporation. Of the 403,374 convertible preference shares, 3,374 and 400,000 convertible preference shares are held by Perfect Ace and Limin Corporation respectively. Each preference shares is convertible to one ordinary share of the Company at any time from a date not earlier than one year from 3 October 2008.

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

(c) All interests above are in the form of convertible bonds convertible into ordinary shares of the Company.

Saved as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares or debentures of the Company or any of its associated corporation at 30 June 2011.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 30 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than option holdings disclosed above, at no time during the Financial Year was the Company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

(a) Long positions in shares of the Company

Name of substantial shareholder	Capacity	Number of issued ordinary shares held	% of ordinary shares
Perfect Ace Investments Limited	Beneficial owner (Note a)	646,761,055	32.85%
Limin Corporation	Beneficial owner (Note a)	58,803,750	2.99%
Savona Limited	Beneficial owner (Note b)	101,250,000	5.14%
Dr. Liu Wangzhi	Corporate Interest (Note c)	156,874,847	7.97%
	Beneficial owner	15,556,000	0.79%

Directors' Report

Notes:

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

(b) Savona Limited is wholly-owned by Chime Corporation Limited, which is owned as to 99.69% by the Estate of Nina Kung, also known as Nina T.H. Wang.

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

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

Name of substantial shareholder	Capacity	Number of shares interested	% of shareholding
Perfect Ace Investments Limited	Beneficial owner (Notes a & b)	3,374	0.00%
Limin Corporation	Beneficial owner (Notes a & b)	400,000	0.02%
	Beneficial owner (Notes c)	10,126,582	0.51%
Diamond Season Limited	Beneficial owner (Notes c & d)	75,949,367	3.85%

Notes:

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

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

(c) All interests above are in the form of convertible bonds convertible into ordinary shares of the Company.

(d) Diamond Season Limited is wholly-owned by Rightwood Enterprises Inc., which is wholly-owned by the Estate of Nina Kung, also known as Nina T.H. Wang.

Saved as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company at 30 June 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CONNECTED TRANSACTION

The Group had the following significant transaction with connected persons:

On 9 April 2010, the Company entered into a revised legal service agreement with Philip K.H. Wong, Kennedy Y.H. Wong & Co. ("**PWKW**"), whereby PWKW shall provide secretariat and legal services to the Group from 9 April 2010 to 31 March 2013. During the Financial Year, the Company paid approximately HK$3,532,000 to PWKW pursuant to the legal service agreement. PWKW is a law firm of which Dr. Wong is one of the founders and the managing partner.

The above transaction is regarded as connected transactions pursuant to Chapter 14A of the Listing Rules. Details of the above are set out in the announcement of the Company dated 9 April 2010.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group as above in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

EMOLUMENT POLICY

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

The Company has adopted a share option scheme for the purpose of providing incentive to eligible persons for their contribution or potential contribution to the Group. Details of the scheme are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float throughout the 15 months ended 30 June 2011.

CHARITABLE DONATIONS

During the Financial Year, the Group made charitable donations amounting to approximately HK$2.6 million.

MAJOR CUSTOMERS AND SUPPLIERS

For the Financial Year, 79% of the total purchases were gold purchased from Shanghai Gold Exchange and the five largest suppliers of the Group accounted for 87% of the Group's purchases.

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

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

EVENTS AFTER THE REPORTING DATE

Details of the significant events occurring after the reporting date are set out in note 41 to the consolidated financial statements.

EXPOSURE TO BORROWERS AND OTHER SPECIFIC CIRCUMSTANCES THAT REQUIRE DISCLOSURE

Details of which are set out in note 27 to the consolidated financial statements.

AUDITOR

The consolidated financial statements for the 15 months ended 30 June 2011 have been audited by Messrs. Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment. A resolution on their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

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

Hong Kong, 28 September 2011

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF
HONG KONG RESOURCES HOLDINGS COMPANY LIMITED
香港資源控股有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Hong Kong Resources Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 117, which comprise the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 April 2010 to 30 June 2011, 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 the 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 and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 affairs of the Group as at 30 June 2011 and of the Group's profit and cash flows for the period from 1 April 2010 to 30 June 2011 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 April 2010 to 30 June 2011

	Notes	**1.4.2010 to 30.6.2011 HK$'000**	1.4.2009 to 31.3.2010 HK$'000 (restated)
Turnover	7	**3,223,377**	1,290,110
Cost of sales		**(2,472,216)**	(942,125)
Gross profit		**751,161**	347,985
Other income	8	**21,357**	3,682
Selling expenses		**(466,976)**	(196,211)
General and administrative expenses		**(157,838)**	(83,670)
Equity-settled share-based payments	30(b)	**(7,304)**	(4,199)
Other operating expenses		**(25,578)**	(15,561)
Profit from operations		**114,822**	52,026
Changes in fair value of derivative financial instruments and gold loans	9	**18,396**	–
Finance costs	10	**(54,396)**	(8,104)
Discount on acquisition of business	31	**–**	184,871
Share of results of associates		**(4,728)**	–
Share of result of a jointly controlled entity		**(187)**	–
Profit before taxation	11	**73,907**	228,793
Taxation	13	**(35,395)**	(21,247)
Profit for the period/year		**38,512**	207,546
Other comprehensive income:			
Exchange difference arising on translation		**24,827**	–
Total comprehensive income for the period/year		**63,339**	207,546
Profit for the period/year attributable to:			
Owners of the Company		**38,437**	113,803
Non-controlling interests		**75**	93,743
		38,512	207,546
Total comprehensive income for the period/year attributable to:			
Owners of the Company		**63,264**	113,803
Non-controlling interests		**75**	93,743
		63,339	207,546
Earnings per ordinary share	15		
Basic		**HK$0.020**	HK$0.120
Diluted		**HK$0.020**	HK$0.067

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	30.6.2011 HK$'000	31.3.2010 HK$'000 (restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**77,921**	41,811
Deposit for acquisition of property, plant and equipment		**–**	10,349
Deposits paid	21	**10,733**	–
Intangible assets	17	**168,066**	168,066
Interests in associates	18	**–**	–
Interest in a jointly controlled entity	19	**1,532**	–
		258,252	220,226
Current assets			
Inventories	20	**982,399**	734,755
Trade and other receivables and deposits paid	21	**248,105**	127,850
Pledged bank deposits	22	**36,040**	–
Bank balances and cash	22	**224,804**	156,260
		1,491,348	1,018,865
Current liabilities			
Trade and other payables, accruals and deposits received	23	**324,659**	223,759
Amounts due to non-controlling shareholders of a subsidiary	24	**–**	48,183
Derivative financial instruments	25	**1,570**	–
Obligations under finance leases	26	**432**	–
Bank and other borrowings	27	**374,445**	217,955
Tax liabilities		**24,145**	19,770
		725,251	509,667
Net current assets		**766,097**	509,198
Total assets less current liabilities		**1,024,349**	729,424
Non-current liabilities			
Bank and other borrowings	27	**40,000**	–
Convertible bonds	25	**332,532**	–
Obligations under finance leases	26	**537**	–
Deferred tax liabilities	28	**41,695**	42,976
		414,764	42,976
NET ASSETS		**609,585**	686,448

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	**30.6.2011 HK$'000**	31.3.2010 HK$'000 (restated)
CAPITAL AND RESERVES			
Share capital	29	**19,696**	17,274
Reserves		**589,889**	442,562
Equity attributable to owners of the Company		**609,585**	459,836
Non-controlling interests		**–**	226,612
TOTAL EQUITY		**609,585**	686,448

The consolidated financial statements on pages 44 to 117 were approved and authorised for issue by the Board of Directors on 28 September 2011 and are signed on its behalf by:

Dr. Wong, Kennedy Ying Ho	**Mr. Chui Chuen Shun**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 April 2010 to 30 June 2011

	Attributable to owners of the Company											
	Ordinary share capital HK$'000	Preference share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Other reserve HK$'000 (note i)	Share option reserve HK$'000	Exchange reserve HK$'000	PRC statutory reserve HK$'000 (note ii)	(Accumulated losses) retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2009	5,304	10,710	248,724	–	–	2,915	–	–	(84,797)	182,856	32,902	215,758
Profit for the year and total comprehensive income for the year (restated)	–	–	–	–	–	–	–	–	113,803	113,803	93,743	207,546
Issue of ordinary shares, net of transaction costs	1,200	–	173,338	–	–	–	–	–	–	174,538	–	174,538
Exercise of share options	60	–	1,987	–	–	928	–	–	–	2,975	–	2,975
Equity-settled share-based payments	–	–	–	–	–	4,199	–	–	–	4,199	–	4,199
Conversion of preference shares	9,206	(9,206)	–	–	–	–	–	–	–	–	–	–
Transfer between reserves	–	–	–	–	–	–	–	2,051	(2,051)	–	–	–
Capital reduction (note iii)	–	–	(200,000)	84,697	–	–	–	–	115,303	–	–	–
Dividends (note 14)	–	–	–	(18,535)	–	–	–	–	–	(18,535)	–	(18,535)
Contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	99,967	99,967
At 31 March 2010 (restated)	15,770	1,504	224,049	66,162	–	8,042	–	2,051	142,258	459,836	226,612	686,448
Profit for the period	–	–	–	–	–	–	–	–	38,437	38,437	75	38,512
Other comprehensive income for the period	–	–	–	–	–	–	24,827	–	–	24,827	–	24,827
Total comprehensive income for the period	–	–	–	–	–	–	24,827	–	38,437	63,264	75	63,339
Conversion of preference shares	1,500	(1,500)	–	–	–	–	–	–	–	–	–	–
Bonus issue	197	–	(197)	–	–	–	–	–	–	–	–	–
Acquisition of additional interest in a subsidiary (notes 2(a) and iv)	2,225	–	304,767	–	(213,605)	–	–	–	–	93,387	(226,687)	(133,300)
Transaction costs arising from acquisition of additional interest in a subsidiary	–	–	(7,313)	–	–	–	–	–	–	(7,313)	–	(7,313)
Transfer between reserves	–	–	–	–	–	–	–	7,388	(7,388)	–	–	–
Equity-settled share-based payments	–	–	–	–	–	7,304	–	–	–	7,304	–	7,304
Dividends (note 14)	–	–	–	(6,893)	–	–	–	–	–	(6,893)	–	(6,893)
At 30 June 2011	19,692	4	521,306	59,269	(213,605)	15,346	24,827	9,439	173,307	609,585	–	609,585

Notes:

(i) Other reserve represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in China Gold Silver (as defined in note 2(a)) being acquired by the Group from the non-controlling shareholders.

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

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

(iv) The fair value of the ordinary shares of the Company issued in connection with the acquisition of additional interest in China Gold Silver was HK$1.38 per ordinary share, which was determined based on the quoted market price of the ordinary shares at the date when the ordinary shares were issued.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 April 2010 to 30 June 2011

	Note	**1.4.2010 to 30.6.2011 HK$'000**	1.4.2009 to 31.3.2010 HK$'000 (restated)
Operating activities			
Profit before taxation		**73,907**	228,793
Adjustments for:			
Finance costs		**54,396**	8,104
Interest income		**(1,060)**	(415)
Depreciation of property, plant and equipment		**19,388**	5,603
Share of results of associates		**4,728**	–
Share of result of a jointly controlled entity		**187**	–
Change in fair value of derivative financial instruments and gold loans		**(18,396)**	–
Loss on disposal of property, plant and equipment		**7,079**	6,889
Equity-settled share-based payments		**7,304**	4,199
Discount on acquisition of business		**–**	(184,871)
Operating cash flows before movements in working capital		**147,533**	68,302
Increase in inventories		**(214,517)**	(66,532)
Increase in trade and other receivables and deposits paid		**(123,843)**	(44,536)
Increase in trade and other payables, accruals and deposits received		**101,699**	91
Cash used in operations		**(89,128)**	(42,675)
Income taxes paid		**(32,301)**	(4,841)
Net cash used in operating activities		**(121,429)**	(47,516)
Investing activities			
Purchase of property, plant and equipment		**(56,808)**	(22,107)
Placement of pledged bank deposits		**(35,018)**	–
Acquisition of business	31	**(15,994)**	(397,598)
Investments in associates		**(3,004)**	–
Investment in a jointly controlled entity		**(2,367)**	–
Proceeds from disposal of property, plant and equipment		**4,604**	633
Interest received		**1,060**	415
Deposit paid for acquisition of property, plant and equipment		**–**	(10,349)
Net cash used in investing activities		**(107,527)**	(429,006)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 April 2010 to 30 June 2011

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000 (restated)
Financing activities		
Proceeds from the issue of convertible bonds	**354,000**	–
New bank and other borrowings	**398,026**	366,364
Acquisition of additional interest in a subsidiary and loan assignment	**(181,303)**	–
Repayment of bank and other borrowings	**(218,821)**	(148,409)
Interest paid	**(36,209)**	(8,104)
Expenses on issue of convertible bonds	**(10,800)**	–
Transaction cost arising from acquisition of additional interest in a subsidiary	**(7,313)**	–
Dividends paid	**(6,893)**	(18,535)
Proceeds from issue of ordinary shares	**–**	182,400
Contribution from non-controlling shareholders of a subsidiary	**–**	99,967
Advance from non-controlling shareholders of a subsidiary	**–**	48,183
Proceeds from issue of shares upon exercise of share options	**–**	2,975
Expenses on issue of ordinary shares	**–**	(7,862)
Net cash from financing activities	**290,687**	516,979
Net increase in cash and cash equivalents	**61,731**	40,457
Cash and cash equivalents at beginning of the period/year	**156,260**	115,803
Effect of foreign exchange rate changes	**6,813**	–
Cash and cash equivalents at end of the period/year, represented by bank balances and cash	**224,804**	156,260

1. GENERAL

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

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 43.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), that is different from the functional currency of the Company which is Renminbi ("RMB"). The directors of the Company consider that Hong Kong dollars is the appropriate presentation currency since the shares of the Company are listed on the Stock Exchange.

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

Change of financial year end date

The financial year end date of the Group has been changed from 31 March to 30 June as the directors consider such change would make the financial year end date of the Company consistent with the business and marketing of the Group and will enable the Company to better utilise its resources and facilitate better planning and operation of the Group. Accordingly, the current financial period covers a fifteen-month period from 1 April 2010 to 30 June 2011 and the comparative financial period covers a twelve-month period from 1 April 2009 to 31 March 2010 and are therefore may not be comparable.

2. SIGNIFICANT EVENTS

(a) On 15 March 2010, the Company entered into conditional sales and purchase agreements with Dr. Liu Wangzhi ("Dr. Liu") and Ace Captain Investments Limited ("Ace Captain"), a company wholly-owned by Mr. Martin Lee Ka Shing who is an associate of Mr. Chui Chuen Shun, a director of the Company, to acquire their respective 30% and 10% interest in China Gold Silver Group Company Limited ("China Gold Silver"), a then 60% owned subsidiary of the Company, and the amounts due to non-controlling shareholders of China Gold Sliver amounting to HK$48,183,000, for a consideration of HK$543,906,000, which was satisfied by cash of HK$181,300,000 and issuance of 222,457,669 ordinary shares of HK$0.01 ("Consideration Shares") in the Company at a price of HK$1.63 based on the terms of the agreement. Upon completion of the acquisition, the total fair value of the Consideration Shares amounted to HK$306,992,000 was determined based on the quoted market price of the ordinary shares on that date (see note 29(e)). Dr. Liu is a director of China Gold Silver during the current period and was also appointed as a director of the Company on 12 July 2010.

China Gold Silver and its subsidiaries are engaged in the retail and franchising operations for selling gold and jewellery products in Hong Kong, Macau and other regions ("Mainland China") in the PRC under the trade name of "3D-GOLD".

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

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

2. SIGNIFICANT EVENTS – continued

(b) On 16 May 2011, China Gold Silver, 3D-GOLD Jewellery Holdings Limited (Provisional Liquidators Appointed) (Subject to Scheme of Arrangement) ("3D-GOLD PLA"), a listed entity which is suspended from trading on the Stock Exchange, the provisional liquidators of 3D-GOLD PLA (the "Provisional Liquidators") and the escrow agent entered into an exclusivity and escrow agreement (the "Exclusivity and Escrow Agreement") with two other investors (the "Investors") and two guarantors to facilitate the resumption of trading of shares of 3D-GOLD PLA (the "Resumption") on the Stock Exchange.

Under the Exclusivity and Escrow Agreement, China Gold Silver will not take any action or be involved in connection with the restructuring of 3D-GOLD PLA and will be a passive investor and will subscribe such number of new shares representing not more than 13.49% of the entire issued share capital of 3D-GOLD PLA immediately upon completion of the Resumption in accordance with such terms and conditions to be agreed between 3D-GOLD PLA, the Provisional Liquidators, the Investors and accepted by the Stock Exchange, the Securities and Futures Commission of Hong Kong and other regulatory authorities.

Further details are set out in the Company's announcement dated 16 May 2011.

3. RESTATEMENT TO THE DISCOUNT ON ACQUISITION OF BUSINESS

Adjustments to discount on acquisition of business

In relation to the acquisition of the 100% equity interest in the restructured group of 3D-GOLD PLA and its subsidiaries and its business ("Restructured Group" as defined in the Company's circular dated 12 June 2009) ("3D-GOLD Acquisition"), the amount of consideration of HK$538,100,000 represents the directors' best estimates at 31 March 2010 and was subject to adjustment, if any, to be agreed with the Provisional Liquidators. The final amount of the consideration was agreed in November 2010 based on updated information on assets at the acquisition date. As a result, adjustments have been made to increase consideration payables by HK$15,994,000 at 31 March 2010 and a corresponding decrease in the same amount for discount on acquisition of business, restating the discount on acquisition of business in the consolidated statement of comprehensive income for the year ended 31 March 2010 to HK$184,871,000.

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

New and revised Standards and Interpretations applied in the current period

In the current period, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised in 2008)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Right Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as disclosed below, the adoption of the new and revised Standards and Interpretations in the current period has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKAS 27 (as revised in 2008) "Consolidated and Separate Financial Statements" and HKFRS 3 (as revised in 2008) "Business Combinations"

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

In prior years, in the absence of specific requirements in HKFRSs, increases and decreases in interests in existing subsidiaries are dealt with in equity, with no impact on goodwill or profit or loss, and such policy is the same as that required under HKAS 27 (Revised). In addition, as there was no transaction during the current period in which HKFRS 3 is applicable. The application of HKFRS 3 (Revised) and HKAS 27 (Revised) had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other Hong Kong Financial Reporting Standards are applicable.

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS – continued

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

Hong Kong Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" ("HK Int 5") clarifies that term loans that include a clause that giving the lender the unconditional right to call the loans for repayment at any time ("repayment on demand clause") should be classified by the borrower as current liabilities in the consolidated statement of financial position. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities. Accordingly, the Group's term loan (scheduled repayment dates which are between one to four years after 30 June 2011) that contains "repayment on demand" clause amounting to HK$62,500,000 as at 30 June 2011 (1.4.2009 and 31.3.2010: nil) has been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current period or prior years and the Group's consolidated statement of financial position as at 1 April 2009.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see "liquidity risk" section in note 40(b) for details).

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS – continued

New and revised Standards and Interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[7]
HKFRS 10	Consolidated Financial Statements[7]
HKFRS 11	Joint Arrangements[7]
HKFRS 12	Disclosure of Interests in Other Entities[7]
HKFRS 13	Fair Value Measurement[7]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[6]
HKAS 12 (Revised)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 19 (as revised in 2011)	Employee Benefits[7]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[7]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[7]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 July 2012
[7] Effective for annual periods beginning on or after 1 January 2013

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS – continued

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors are in the process of assessing the financial impact of the application of HKFRS 9 on the consolidated financial statements.

The directors anticipate that the application of the other new and revised Standards and Interpretations will have no material impact on the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The significant accounting policies are set out below.

Basis of consolidation

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance.

Business combinations

Business combinations that took place on or after 1 April 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Business combinations – continued

Business combinations that took place on or after 1 April 2010 – continued

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Business combinations that took place on or before 1 April 2010

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

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

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition

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

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

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

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Intangible assets

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

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

Impairment on tangible and intangible assets

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

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

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Joint ventures

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method or specific identification basis depending on the nature of the inventory.

Foreign currencies

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

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Foreign currencies – continued

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

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

Leasing

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

The Group as lessee

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 consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. 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.

Borrowing costs

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

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

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

Share options granted to consultants

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

Retirement benefit costs

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

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and jointly controlled entity 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.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables.

Effective interest method

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

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

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets – continued

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

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

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

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

Financial liabilities and equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities at fair value through profit or loss ("FVTPL") and other financial liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than those financial liability classified as at FVTPL, of which the interest expense is included in net gains or losses.

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities and equity instruments – continued

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or

- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Gold loans, which are designated at fair value through profit or loss, are stated at the market price of the gold with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

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

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities and equity instruments – continued

Convertible bonds contains liability component and conversion option derivative

Convertible bonds issued by the Company that contain both liability and conversion option derivative components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and conversion option derivative components are recognised at fair value.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and conversion option derivative components in proportion to their relative fair values. Transaction costs relating to the conversion option derivative is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Equity instruments

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

6. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment of intangible assets

Determining whether intangible assets (i.e. the trademarks) are impaired requires an estimation of the value in use of the trademarks. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the trademarks and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2011, the carrying amount of the Group's intangible assets is HK$168,066,000 (31.3.2010: HK$168,066,000).

Estimated impairment of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to changes to adversed economic conditions. As at 30 June 2011, the carrying amount of the Group's inventories is HK$982,399,000 (31.3.2010: HK$734,755,000).

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2011, the carrying amount of the Group's trade receivables is HK$200,987,000 (31.3.2010: HK$96,113,000).

7. TURNOVER AND SEGMENT INFORMATION

(a) Turnover

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

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000
Sales of goods	**3,203,108**	1,283,843
Franchise income	**20,269**	6,267
	3,223,377	1,290,110

(b) Segment information

Information reported to the directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods and geographical location. This is the basis upon which the Group is organised.

Specifically, the Group's operating and reportable segments under HKFRS 8 are as follows:

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

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

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

Information regarding the above segments is reported below.

7. TURNOVER AND SEGMENT INFORMATION – continued

(b) Segment information – continued

Segment revenues and results

For the period from 1 April 2010 to 30 June 2011

	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong & Macau HK$'000	Reportable segment total HK$'000	Others (note) HK$'000	Consolidated HK$'000
REVENUE					
External sales	**2,793,265**	**421,568**	**3,214,833**	**8,544**	**3,223,377**
RESULT					
Segment results	**215,148**	**41,581**	**256,729**	**(2,565)**	**254,164**
Other income					**21,357**
Unallocated staff related expenses					**(49,096)**
Other unallocated corporate expenses					**(32,185)**
Advertising, promotion and business development expenses					**(72,114)**
Equity-settled share-based payments					**(7,304)**
Changes in fair value of derivative financial instruments and gold loans					**18,396**
Finance costs					**(54,396)**
Share of results of associates					**(4,728)**
Share of result of a jointly controlled entity					**(187)**
Profit before taxation					**73,907**
Taxation					**(35,395)**
Profit for the period					**38,512**

7. TURNOVER AND SEGMENT INFORMATION – continued

(b) Segment information – continued

Segment revenues and results – continued

For the year ended 31 March 2010 (restated)

	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong & Macau HK$'000	Reportable segment total HK$'000	Others (note) HK$'000	Consolidated HK$'000
REVENUE					
External sales	1,118,360	147,728	1,266,088	24,022	1,290,110
RESULT					
Segment results	111,639	3,924	115,563	397	115,960
Other income					3,682
Unallocated staff related expenses					(31,465)
Other unallocated corporate expenses					(15,905)
Advertising, promotion and business development expenses					(16,047)
Discount on acquisition of business					184,871
Equity-settled share-based payments					(4,199)
Finance costs					(8,104)
Profit before taxation					228,793
Taxation					(21,247)
Profit for the year					207,546

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

7. TURNOVER AND SEGMENT INFORMATION – continued

(b) Segment information – continued

Segment assets and liabilities

As at 30 June 2011

	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong & Macau HK$'000	Reportable segment total HK$'000	Others (note) HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	1,092,303	197,550	1,289,853	1,434	1,291,287
Intangible assets					168,066
Interest in a jointly controlled entity					1,532
Pledged bank deposits					36,040
Bank balances and cash					224,804
Other corporate assets					27,871
Consolidated assets					1,749,600
LIABILITIES					
Segment liabilities	270,416	40,099	310,515	1,342	311,857
Bank and other borrowings					414,445
Derivative financial instruments					1,570
Obligations under finance leases					969
Convertible bonds					332,532
Tax liabilities					24,145
Deferred tax liabilities					41,695
Other corporate liabilities					12,802
Consolidated liabilities					1,140,015

7. TURNOVER AND SEGMENT INFORMATION – continued

(b) Segment information – continued

Segment assets and liabilities – continued

As at 31 March 2010 (restated)

	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong & Macau HK$'000	Reportable segment total HK$'000	Others (note) HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	745,610	148,539	894,149	8,156	902,305
Intangible assets					168,066
Bank balances and cash					156,260
Other corporate assets					12,460
Consolidated assets					1,239,091
LIABILITIES					
Segment liabilities	179,032	22,726	201,758	30	201,788
Amounts due to non-controlling shareholders of a subsidiary					48,183
Bank and other borrowings					217,955
Tax liabilities					19,770
Deferred tax liabilities					42,976
Other corporate liabilities					21,971
Consolidated liabilities					552,643

(note) Others represent other operating segments that are not reportable, which include the trading of other precious metals in Hong Kong and online marketing and e-commerce.

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

- all assets are allocated to reportable segments other than intangible assets, interest in a jointly controlled entity, pledged bank deposits, bank balances and cash and other corporate assets; and

- all liabilities are allocated to reportable segments other than amounts due to non-controlling shareholders of a subsidiary, bank and other borrowings, derivative financial instruments, obligations under finance leases, convertible bonds, tax liabilities, deferred tax liabilities and other corporate liabilities.

7. TURNOVER AND SEGMENT INFORMATION – continued

(b) Segment information – continued

Other entity-wide segment information

For the period from 1 April 2010 to 30 June 2011

	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong & Macau HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Capital additions	50,893	10,609	261	4,075	65,838
Depreciation	14,636	3,278	21	1,453	19,388
Loss (gain) on disposal of property, plant and equipment	7,110	56	–	(87)	7,079

For the year ended 31 March 2010

	Retail and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail operations for selling gold and jewellery products in Hong Kong & Macau HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Capital additions	44,378	7,357	–	2,763	54,498
Depreciation	4,268	818	3	514	5,603
Loss on disposal of property, plant and equipment	707	6,182	–	–	6,889

7. TURNOVER AND SEGMENT INFORMATION – continued

(b) Segment information – continued

Geographical information

The information about the non-current assets and revenue from external customers of the Group by excluding financial instruments, intangible assets and interest in a jointly controlled entity by geographical location of the assets is detailed below:

For the period from 1 April 2010 to 30 June 2011

	Non-current assets HK$'000	**Revenue from external customers HK$'000**
Mainland China	**59,180**	**2,793,265**
Hong Kong & Macau	**18,741**	**430,112**
	77,921	**3,223,377**

For the year ended 31 March 2010

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

8. OTHER INCOME

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000
Bank interest income	**1,060**	415
Exchange gains, net	**13,653**	–
Government grants	**1,737**	345
Management fee income from an associate	**1,978**	–
Other income	**2,929**	2,922
	21,357	3,682

9. CHANGES IN FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS AND GOLD LOANS

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000
Change in fair value of derivatives embedded in convertible bonds (note 25(ii))	**26,006**	–
Change in fair value of gold loans designated as derivative financial instruments (note 27(c))	**(7,610)**	–
	18,396	–

10. FINANCE COSTS

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000
Interests on:		
Bank borrowings wholly repayable within 5 years	**16,345**	2,871
Other borrowings wholly repayable within 5 years	**5,914**	4,633
Obligations under finance leases	**52**	–
Other finance costs	**350**	600
Effective interest on convertible bonds (note 25(i))	**31,735**	–
	54,396	8,104

11. PROFIT BEFORE TAXATION

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Advertising, promotion and business development expenses	**72,114**	16,047
Auditor's remuneration	**1,880**	1,600
Cost of inventories recognised as an expense	**2,472,216**	942,125
Depreciation of property, plant and equipment	**19,388**	5,603
Exchange (gains) losses, net	**(13,653)**	17
Loss on disposal of property, plant and equipment	**7,079**	6,889
Staff costs, including directors' emoluments:		
– Wages and salaries	**207,268**	105,679
– Retirement benefit costs	**11,553**	3,256
– Equity-settled share-based payments	**613**	4,199

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' emoluments

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

		For the period from 1 April 2010 to 30 June 2011					
Name of director	Notes	Fees HK$'000	Salaries HK$'000	Discretionary bonus* HK$'000	Retirement benefit costs HK$'000	Equity-settled share-based payments HK$'000	Total HK$'000
Executive directors							
Dr. Wong, Kennedy Ying Ho		–	4,200	–	15	–	4,215
Mr. Chui Chuen Shun		–	3,750	–	15	–	3,765
Dr. Hui Ho Ming, Herbert		–	3,750	–	15	–	3,765
Mr. Mung Kin Keung		–	3,750	–	15	–	3,765
Dr. Liu Wangzhi	(a)	–	3,781	–	–	–	3,781
Non-executive directors							
Mr. Yin Richard Yingneng	(b)	99	–	–	–	–	99
Mr. Kung Ho	(c)	402	–	–	–	613	1,015
Independent non-executive directors							
Mr. Fan Anthony Ren Da		313	–	–	–	–	313
Ms. Estella Yi Kum Ng		313	–	–	–	–	313
Mr. Wong Kam Wing		313	–	–	–	–	313
		1,440	19,231	–	60	613	21,344

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES – continued

(a) Directors' emoluments – continued

		For the year ended 31 March 2010					
Name of director	Note	Fees	Salaries	Discretionary bonus*	Retirement benefit costs	Equity-settled share-based payments	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors							
Dr. Wong, Kennedy Ying Ho		–	3,360	–	12	858	4,230
Mr. Chui Chuen Shun		–	3,000	–	12	858	3,870
Dr. Hui Ho Ming, Herbert		–	3,000	250	12	858	4,120
Mr. Mung Kin Keung		–	3,000	500	12	858	4,370
Non-executive director							
Mr. Yin Richard Yingneng	(b)	300	–	–	–	429	729
Independent non-executive directors							
Mr. Fan Anthony Ren Da		150	–	–	–	86	236
Ms. Estella Yi Kum Ng		150	–	–	–	86	236
Mr. Wong Kam Wing		150	–	–	–	86	236
		750	12,360	750	48	4,119	18,027

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

Notes:

(a) Appointed on 12 July 2010

(b) Resigned on 19 July 2010

(c) Appointed on 13 April 2010

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES – continued

(a) Directors' emoluments – continued

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the current period and prior year.

For the year ended 31 March 2010, Dr. Wong, Kennedy Ying Ho and Mr. Chui Chuen Shun waived their bonus of HK$900,000 and HK$500,000, respectively. No directors waived any emoluments during the period from 1 April 2010 to 30 June 2011.

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, five (31.3.2010: four) were directors of the Company whose emoluments are included in note 12(a) above. The emoluments of the remaining one individual for year ended 31 March 2010 were as follows:

	1.4.2009 to 31.3.2010 HK$'000
Salaries and other benefits	3,714

13. TAXATION

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000
Current tax:		
Hong Kong Profits Tax	**9,593**	91
PRC Enterprise Income Tax	**26,190**	22,817
Macau Complementary Tax	**893**	–
	36,676	22,908
Deferred taxation (note 28)	**(1,281)**	(1,661)
	35,395	21,247

Hong Kong Profits Tax is calculated at 16.5% (year ended 31.3.2010: 16.5%) on the estimated assessable profits for the period/year.

13. TAXATION – continued

Pursuant to the Income Tax Law of the PRC, a subsidiary of the Company established in the PRC is entitled to a preferential income tax rate ranging from 22% to 24% (year ended 31.3.2010: 20% to 22%) for the period from 1 April 2010 to 30 June 2011. According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprises Income Tax (Guoshuifa [2007] No. 39), the tax rate of the entity that previously enjoyed the tax preferential treatment is to be increased progressively to 25% over a five-year period up to 2012.

The Macau Complementary Tax is calculated progressively at rates ranging from 9% to 12% of the estimated assessable profit for the period/year.

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

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000 (restated)
Profit before taxation	**73,907**	228,793
Tax at domestic rates applicable to profits of taxable entities in the respective jurisdictions (Note)	**20,427**	52,170
Tax effect of income not taxable for tax purpose	**(6,235)**	(35,814)
Tax effect of expenses not deductible for tax purpose	**9,401**	4,338
Income tax on concessionary rate	**(2,462)**	(5,793)
Deferred tax provided for withholding tax on income derived in the PRC	**3,000**	–
Tax effect of tax losses not recognised	**11,105**	6,396
Utilisation of tax loss not recognised	**(125)**	–
Tax effect of share of results of associates	**780**	–
Tax effect of share of result of a jointly controlled entity	**47**	–
Others	**(543)**	(50)
Taxation for the period/year	**35,395**	21,247

Note: As the Group operates in several different tax jurisdictions, the tax rate applied in the tax reconciliation represents the weighted average domestic tax rates of the individual tax jurisdiction.

14. DIVIDENDS

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000
Dividends recognised as distribution during the period/year:		
Final dividend paid in respect of the year ended 31 March 2010:		
– Ordinary shares		
HK0.35 cents per share	**6,811**	–
– Preference shares		
HK0.35 cents per share	**82**	–
	6,893	–
Interim dividend paid in respect of the year ended 31 March 2010:		
– Ordinary shares		
HK0.7 cents per share	**–**	11,038
– Preference shares		
HK0.7 cents per share	**–**	7,497
	–	18,535

The Board has recommended the payment of a final dividend of HK0.875 cents (year ended 31.3.2010: HK0.35 cents) per preference share of the Company and HK0.2 cents (year ended 31.3.2010: HK0.35 cents) per ordinary share of the Company for the period from 1 April 2010 to 30 June 2011 to the holders of preference shares and ordinary shares respectively, resulting in a total dividend payment of HK$3,942,000, subject to approval by the shareholders in the upcoming annual general meeting of the Company.

15. EARNINGS PER ORDINARY SHARE

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000 (restated)
Earnings:		
Profit for the period/year attributable to owners of the Company	**38,437**	113,803
Dividends on preference shares	**(201)**	(5,455)
Profit for the period/year attributable to owners of the Company for the purpose of basic earnings per ordinary share	**38,236**	108,348
Effect of dilutive potential ordinary shares:		
Dividends on preference shares	**201**	5,455
Profit for the period/year attributable to owners of the Company for the purpose of diluted earnings per ordinary share	**38,437**	113,803

15. EARNINGS PER ORDINARY SHARE – continued

	1.4.2010 to 30.6.2011 ’000	1.4.2009 to 31.3.2010 ’000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share	**1,923,965**	902,981
Effect of dilutive potential ordinary shares:		
Preference shares	**23,139**	788,991
Share options	**497**	2,330
Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share	**1,947,601**	1,694,302

Note:

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per ordinary share for the year ended 31 March 2010 has been retrospectively adjusted for the effect of the bonus issue as set out in note 29(d).

The earnings for the calculation of basic earnings per ordinary share for the year ended 31 March 2010 have been restated due to the adjustments relating to the discount on acquisition of business as detailed in note 3.

The computation of diluted earnings per ordinary share for the period from 1 April 2010 to 30 June 2011 did not assume the exercise of certain share options because the exercise price is higher than the average share price and the conversion of the Company’s outstanding convertible bonds since their exercise would result in an increase in earnings per ordinary share.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
As at 1 April 2009	116	352	–	468
Acquired on acquisition of business (note 31)	812	31,520	59	32,391
Additions	4,848	17,259	–	22,107
Disposals	(1,059)	(9,601)	–	(10,660)
As at 31 March 2010	4,717	39,530	59	44,306
Exchange realignment	–	1,991	–	1,991
Additions	25,049	37,198	3,591	65,838
Disposals	(880)	(18,602)	(168)	(19,650)
As at 30 June 2011	28,886	60,117	3,482	92,485
Depreciation				
As at 1 April 2009	20	10	–	30
Provided for the year	589	4,955	59	5,603
Eliminated on disposals	(547)	(2,591)	–	(3,138)
As at 31 March 2010	62	2,374	59	2,495
Exchange realignment	–	97	–	97
Provided for the period	6,005	13,066	317	19,388
Eliminated on disposals	(795)	(6,453)	(168)	(7,416)
As at 30 June 2011	5,272	9,084	208	14,564
Carrying values				
As at 30 June 2011	23,614	51,033	3,274	77,921
As at 31 March 2010	4,655	37,156	–	41,811

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

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

The carrying value of furniture, fixtures and equipment and motor vehicles held under a finance lease as at 30 June 2011 was HK$1,203,000 (31.3.2010: nil).

17. INTANGIBLE ASSETS

	Trademarks HK$'000
Cost and carrying values	
Acquired on acquisition of business (note 31) and balance at 31 March 2010 and 30 June 2011	168,066

The trademarks have contractual lives of 10 years commencing in December 2008 and April 2009, respectively, and are renewable at minimal cost. The directors of the Company are of the opinion that the Group has the intention and ability to renew the trademarks continuously. As a result, the trademarks are considered by the directors of the Company as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

On 30 June 2011, management of the Group conducted impairment review on the trademarks. The recoverable amounts of the trademarks have been determined based on a value in use calculation, which is based on the cash flow forecast derived from the recent financial budgets approved by management covering a five-year period and a discount rate of 17%. The cash flows beyond the five-year period are extrapolated using a 3% growth rate. The key assumptions for the value in use calculations are discount rate and growth rate. Management adopted discount rate which they consider reflects current market assessment of the time value of money and the risks specific to the trademarks. The growth rate does not exceed the long-term average growth rate for the relevant industry. Based on the assessments, management expects the carrying amount of the trademarks to be recoverable and there is no impairment of the trademarks. Management considers that any reasonable possible change in these key assumptions would not cause the carrying amount of the trademarks to exceed the recoverable amount.

18. INTERESTS IN ASSOCIATES

	30.6.2011 **HK$'000**	31.3.2010 HK$'000
Unlisted investments, at cost	**3,004**	–
Share of post-acquisition losses	**(3,004)**	–
	–	–

As at 30 June 2011, the Group had interests in the following associates:

Name of entity	**Class of shares held**	**Proportion of nominal value of issued capital held by the Group**	**Proportion of voting power held**	**Principal activity**
La Milky Way International Company Limited ("La Milky Way International") (Note 2)	Ordinary	30%	30%	Holding of trademark
Rise Rich International Limited ("Rise Rich") (Note 3)	Ordinary	36%	36%	Retailing of gold and jewellery products in Hong Kong

18. INTERESTS IN ASSOCIATES – continued

Notes:

1) The principal place of operation and the place of incorporation of the above companies are in Hong Kong.

2) At 31 March 2010, La Milky Way International was an indirect non wholly-owned subsidiary of the Company. During the period, La Milky Way International issued additional shares to an independent third party. Since then, the Group's interest in this company has been diluted from 60% to 30% and became an associate of the Group. The impact of such deemed disposals of the subsidiary is insignificant to the Group.

3) The Group is able to exercise significant influence over Rise Rich because it has the power to appoint three out of seven directors of that company under the provisions stated in the cooperation agreement.

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

	30.6.2011 HK$'000
Total assets	63,851
Total liabilities	(69,459)
Net liabilities	(5,608)
Group's share of net liabilities of associates	–

	1.4.2010 to 30.6.2011 HK$'000
Revenue	5,028
Loss for the period	(15,810)
Group's share of losses of associates for the period	(4,728)

The Group has discontinued recognition of its share of losses of certain associates. The amounts of unrecognised share of those associates, extracted from the relevant management accounts of associates for the period is as follows:

	1.4.2010 to 30.6.2011 HK$'000
Unrecognised share of losses of associates for the period	18
Accumulated unrecognised share of losses of associates	–

19. INTEREST IN A JOINTLY CONTROLLED ENTITY

	30.6.2011 HK$'000	31.3.2010 HK$'000
Unlisted investment, at cost	**2,367**	–
Share of post-acquisition loss	**(835)**	–
	1,532	–

The interest in a jointly controlled entity represents a 50% (31.3.2010: nil) interest in the registered capital of 金至尊珠寶(成都)有限公司, a sino-foreign joint venture established in the PRC, which is principally engaged in the trading of jewellery in the PRC.

The financial information in respect of the Group's jointly controlled entity which are accounted for using the equity method is set out below:

	30.6.2011 HK$'000
Current assets	**11,311**
Non-current assets	**593**
Current liabilities	**(7,544)**
Non-current liabilities	**–**
Revenue	**1,156**
Expenses	**(1,530)**

20. INVENTORIES

	30.6.2011 HK$'000	31.3.2010 HK$'000
Raw materials	**130,057**	111,711
Finished goods	**852,342**	623,044
	982,399	734,755

21. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID

	30.6.2011 HK$'000	31.3.2010 HK$'000
Non-current deposits paid:		
Rental and utility deposits	**10,733**	–
Current trade and other receivables and deposits paid comprise:		
Trade receivables	**200,987**	96,113
Other receivables and deposits paid	**47,118**	31,737
	248,105	127,850

Retail sales are usually made in cash, through credit cards or through reputable and dispersed department stores. The Group generally allows a credit period up to 180 days to its debtors.

Included in trade receivables at 30 June 2011 are trade receivables from associates and a jointly controlled entity amounting to HK$27,200,000 (31.3.2010: nil) and HK$7,043,000 (31.3.2010: nil) respectively.

Included in other receivables at 30 June 2011 is prepayment to a related company, which is 60% owned by Dr. Liu, a substantial shareholder of the Company, for sourcing of gold from the Shanghai Gold Exchange on behalf of the Group, amounting to HK$13,113,000 (31.3.2010: HK$13,578,000).

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

	30.6.2011 HK$'000	31.3.2010 HK$'000
0 – 30 days	**155,255**	81,920
31 – 60 days	**6,442**	1,863
61 – 90 days	**4,079**	625
Over 90 days	**35,211**	11,705
	200,987	96,113

Included in the Group's trade receivables balance are debtors with aggregate amount of HK$45,732,000 (31.3.2010: HK$14,193,000) which are past due as at reporting date for which the Group has not provided for impairment loss.

21. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID – continued

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

	30.6.2011 HK$'000	31.3.2010 HK$'000
31 – 60 days	**6,442**	1,863
61 – 90 days	**4,079**	625
Over 90 days	**35,211**	11,705
Total	**45,732**	14,193

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

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the debtors from the date credit was initially granted up to the reporting date. Other than the concentration of credit risk in respect of trade receivables due from the Group's associates and a jointly controlled entity, which accounted for 14% and 4% of the total trade receivables at 30 June 2011 (31.3.2010: nil) respectively, there is no concentration of credit risk due to the customer base being large and unrelated. Accordingly, the directors believe that there is no allowance required. The Group does not hold any collateral over these balances.

22. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Pledged bank deposits represent deposits pledged to the banks to secure the banking facilities granted to the Group. Deposits amounting to HK$36,040,000 (31.3.2010: nil) have been pledged to secure short-term bank loans and are therefore classified as current assets. Pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Bank balances carry interest at market rates which range from 0.01% to 0.5% (31.3.2010: 0.01% to 0.73%) per annum. Pledged bank deposits carry interest at fixed rates ranging from 2.5% to 2.85% (31.3.2010: nil) per annum.

Included in the bank balances and cash of the Group as at 30 June 2011 are bank balances amounting to HK$1,340,000 (31.3.2010: HK$13,973,000) which are denominated in currencies other than the functional currency of the respective group entity.

23. TRADE AND OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	30.6.2011 HK$'000	31.3.2010 HK$'000 (restated)
Trade payables	96,735	94,085
Deposits received from customers (note a)	88,488	50,410
Franchisee guarantee deposits (note b)	33,017	19,505
Consideration payable (note 3)	–	15,994
Other payables, accruals and other deposits	106,419	43,765
	324,659	223,759

Notes:

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

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

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

	30.6.2011 HK$'000	31.3.2010 HK$'000
0 to 30 days	60,252	57,807
31 – 60 days	12,755	9,745
61 – 90 days	11,106	22,533
Over 90 days	12,622	4,000
	96,735	94,085

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

The amounts were unsecured, non-interest bearing and fully settled during the current period as disclosed in note 2(a).

25. CONVERTIBLE BONDS

(i) Convertible bonds

Convertible bonds due 2012 ("CB 2012")

On 23 July 2010, the Company entered into a subscription agreement with independent third parties (the "subscribers") for the issue of convertible bonds at par value with aggregate principal amount of HK$138,000,000. Each convertible bond bears interest at the rate of 5% per annum which is due every six months, and the convertible bond matures on the date falling on the second anniversary from the date of issue of such convertible bond.

The conversion can be made at anytime on or after 3 August 2010 up to and including 2 August 2012 at a conversion price of HK$1.58 per ordinary share, subject to anti-dilutive adjustments.

25. CONVERTIBLE BONDS – continued

(i) Convertible bonds – continued

Convertible bonds due 2012 ("CB 2012") – continued

As at 30 June 2011, a total of 87,341,772 ordinary shares in the Company will be allotted and issued upon the conversions in full of the convertible bonds.

The Company shall redeem the CB 2012 at 110% of the respective outstanding principal amount on maturity date of 2 August 2012.

Upon issue of CB 2012, an amount of HK$133,748,000 and HK$4,252,000 were recognised as liability and derivative embedded in CB 2012, respectively.

At 30 June 2011, CB 2012 with a carrying amount of HK$141,133,000 (principal amount of HK$138,000,000) remained outstanding.

Convertible bonds due 2013 ("CB 2013")

On 3 August 2010, the Company entered into a subscription agreement with third parties (the "subscribers") for the issue of convertible bonds at par value with aggregate principal amount of HK$216,000,000. Each convertible bond bears interest at the rate of 5% per annum which is due every six months, and the convertible bond matures on the date falling on the third anniversary from the date of issue of such convertible bond. CB 2013 with principal amount of HK$56,000,000 were granted to related parties of the Company, including Dr. Liu and Dr. Hui Ho Ming, Herbert, the directors of the Company, Ace Captain and Limin Corporation which is wholly-owned by Dr. Wong, Kennedy Ying Ho.

The conversion can be made at anytime on or after 15 September 2010 up to and including 14 September 2013 at a conversion price of HK$1.58 per ordinary share, subject to anti-dilutive adjustments.

As at 30 June 2011, a total of 136,708,861 ordinary shares in the Company will be allotted and issued upon the conversions in full of the convertible bonds.

The Company shall redeem the CB 2013 at 110% of the respective outstanding principal amount on maturity date of 14 September 2013.

Upon issue of CB 2013, an amount of HK$191,488,000 and HK$24,512,000 were recognised as liability and derivative embedded in CB 2013, respectively.

At 30 June 2011, CB 2013 with a carrying amount of HK$191,399,000 (principal amount of HK$216,000,000) remained outstanding.

25. CONVERTIBLE BONDS – continued

(i) Convertible bonds – continued

The movement of the liability component of the CB 2012 and CB 2013 for the current period is set out as below:

	Liability component		
	CB 2012 HK$'000	**CB 2013** HK$'000	**Total** HK$'000
At 1 April 2010	–	–	–
Issue of convertible bonds	133,748	191,488	325,236
Expenses on issue of convertible bonds	–	(9,612)	(9,612)
Interest charged during the period	13,662	18,073	31,735
Payment of coupon interest	(3,460)	(5,326)	(8,786)
Coupon interest accrued during the period and included in other payables	(2,817)	(3,224)	(6,041)
At 30 June 2011	141,133	191,399	332,532

During the period from 1 April 2010 to 30 June 2011, the effective interest rates of CB 2012 and CB 2013 were 10.74% and 12.02%, respectively.

(ii) Derivative financial instruments

	Embedded derivatives		
	CB 2012 HK$'000	**CB 2013** HK$'000	**Total** HK$'000
At 1 April 2010	–	–	–
Embedded derivatives at date of issue of convertible bonds	4,252	24,512	28,764
Expenses on issue of convertible bonds	–	(1,188)	(1,188)
Changes in fair value (note 9)	(4,229)	(21,777)	(26,006)
At 30 June 2011	23	1,547	1,570

The fair values of the derivatives embedded in CB 2012 and CB 2013 at the dates of issue and at 30 June 2011 are based on valuation carried out on those dates by an independent valuer. The change in fair value of HK$26,006,000 has been credited to profit or loss for the period from 1 April 2010 to 30 June 2011.

25. CONVERTIBLE BONDS – continued

(ii) Derivative financial instruments – continued

The inputs used in the binomial option pricing model adopted by the independent professional valuer in determining the fair values at the respective dates were as follows:

	At date of issue of		At 30 June 2011	
	CB 2012	**CB 2013**	**CB 2012**	**CB 2013**
Share price	HK$1.28	HK$1.26	HK$0.57	HK$0.57
Exercise price	HK$1.58	HK$1.58	HK$1.58	HK$1.58
Expected dividend yield	0.81%	0.83%	1.83%	1.83%
Volatility	58.61%	58.23%	42.41%	51.30%

26. OBLIGATIONS UNDER FINANCE LEASES

	30.6.2011 HK$'000	31.3.2010 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**432**	–
Non-current liabilities	**537**	–
	969	–

It is the Group's policy to lease certain of certain property, plant and equipment under finance leases. The average lease term is 4 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.0% to 3.5%. These leases have no terms of renewal or purchase options and escalation clauses.

	Minimum lease payments 30.6.2011 HK$'000	**Present value of minimum lease payments 30.6.2011 HK$'000**
Amounts payable under finance leases		
Within one year	**547**	**432**
In more than one year but not more than two years	**417**	**430**
In more than two years but not more than five years	**48**	**107**
	1,012	**969**
Less: Future finance charges	**(43)**	**–**
Present value of lease obligations	**969**	**969**
Less: Amount due for settlement with 12 months (shown under current liabilities)		**(432)**
Amount due for settlement after 12 months		**537**

27. BANK AND OTHER BORROWINGS

	30.6.2011 HK$'000	31.3.2010 HK$'000
Bank borrowings	**414,445**	139,545
Other borrowings	**–**	78,410
	414,445	217,955
Secured	**270,257**	60,000
Unsecured	**144,188**	157,955
	414,445	217,955
Carrying amounts repayable:		
Within one year	**280,257**	217,955
More than one year, but not exceeding two years	**10,000**	–
More than two years but not exceeding five years	**30,000**	–
	320,257	217,955
Carrying amount of bank loans that contain a repayment on demand clause (shown under current liabilities)		
– repayable within one year*	**31,688**	–
– repayable after more than one year, but not exceeding five years*	**62,500**	–
	94,188	–
	414,445	217,955
Less: Amounts due within one year and shown under current liabilities	**(374,445)**	(217,955)
Amounts shown under non-current liabilities	**40,000**	–

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

27. BANK AND OTHER BORROWINGS – continued

Borrowings comprise:

	Notes	Maturity date	Effective interest rate	Carrying amount 30.6.2011 HK$'000	31.3.2010 HK$'000
Fixed-rate bank borrowings:					
Secured RMB bank loans of RMB150,000,000	(a)	August 2011	5.94%	**180,202**	–
Unsecured bank loan of RMB70,000,000	(b)	November 2010	5.31%	–	79,545
Secured gold loans of RMB51,655,000	(a) & (c)	August 2011	4.5%	**62,055**	–
				242,257	79,545
Floating-rate bank borrowings:					
Unsecured HK$ bank loan	(d)	February 2012	2.01%	**6,688**	–
Secured HK$ bank loans	(e)	September 2011	2.36%	**28,000**	–
Unsecured HK$ bank loan	(f)	July 2014	1.7%	**87,500**	–
Unsecured HK$ bank loan	(g)	March 2015	2.2%	**50,000**	–
Secured HK$ bank loan	(h)	January 2011	3%	–	60,000
				172,188	60,000
Total bank borrowings				**414,445**	139,545
Fixed-rate other borrowings:					
Unsecured loan from 東莞市金龍珠寶有限公司		30 June 2010	5.13%	–	28,410
Floating-rate other borrowings:					
Unsecured loan from Finwood Limited	(i)	On demand	5%	–	50,000
Total other borrowings				–	78,410
Total bank and other borrowings				**414,445**	217,955

Notes:

(a) The bank loans and gold loans are secured by inventories with a carrying amount of HK$240,269,000 as at 30 June 2011.

(b) The bank borrowing was jointly guaranteed by (i) the Company, (ii) 東莞市金龍珠寶首飾有限公司, a company 60% owned by Dr. Liu and (iii) Ace Captain. Such bank borrowing was fully repaid during the current period.

(c) The loss arising from change in fair value of gold loans designated as derivated financial instruments of HK$7,610,000 has been charged to profit or loss for the period from 1 April 2010 to 30 June 2011. Fair value of gold loans has been determined by reference to the quoted bid prices of gold on the Shanghai Gold Exchange at reporting date.

27. BANK AND OTHER BORROWINGS – continued

Notes: – continued

(d) The bank borrowing is interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 1.75%.

(e) The bank borrowings are secured by pledged bank deposits, interest bearing at 3 month HIBOR plus 1.375% to 2.25% and repayable within 3 months.

(f) As at 30 June 2011, the bank borrowing which is denominated in Hong Kong dollars, a foreign currency of the relevant group entity, is secured, interest bearing at the lower of HIBOR plus 1.5% per annum or 3% per annum. The relevant subsidiary undertakes a negative pledge on its assets with a carrying amount of HK$209,101,000 as at 30 June 2011 for the bank borrowings.

(g) The bank borrowing is interest bearing at HIBOR plus 2%.

(h) As at 31 March 2010, the bank borrowing was secured, interest bearing at the higher of 1 month Hong Kong Interbank HIBOR plus 2.75% per annum or 3% per annum. The bank borrowing was secured by a floating charge on the Group's inventories with a carrying amount of HK$138,885,000 as at 31 March 2010. In addition, the bank borrowing was jointly guaranteed by the Company, Dr. Liu and Ace Captain in proportion to their shareholding in China Gold Silver at that time. Pursuant to the loan agreement, Dr. Wong, Kennedy Ying Ho, a substantial shareholder and the Chairman of the Company, was obliged to maintain (i) his chairmanship in the Company and (ii) his shareholding of not less than 30% in the Company; and Dr. Liu was obliged to maintain his shareholding of 100% in another company outside the Group. Such bank borrowing was fully repaid during the current period.

(i) Finwood Limited is a company 100% owned by the spouse of Dr. Wong, Kennedy Ying Ho. The amount is denominated in Hong Kong dollars, a foreign currency of the relevant group entity.

28. DEFERRED TAXATION

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

	Fair value adjustment on inventories HK$'000 (Note)	Fair value adjustment on intangible assets HK$'000 (Note)	Provision on social benefits in the PRC HK$'000	Withholding tax on income derived in the PRC HK$'000	Others HK$'000	Total HK$'000
At 1 April 2009	–	–	–	–	–	–
Arising on acquisition of business in July 2009 (note 31)	3,514	42,016	–	–	(893)	44,637
Credit to profit or loss	(1,297)	–	–	–	(364)	(1,661)
As at 31 March 2010	2,217	42,016	–	–	(1,257)	42,976
Credit to profit or loss	(1,539)	–	(2,360)	3,000	(382)	(1,281)
As at 30 June 2011	678	42,016	(2,360)	3,000	(1,639)	41,695

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

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

28. DEFERRED TAXATION – continued

As at 30 June 2011, the Group has unused tax losses of HK$114,185,000 (31.3.2010: HK$48,296,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$119,165,000 as at 30 June 2011 (31.3.2010: HK$148,123,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. SHARE CAPITAL

	Notes	Number of shares '000	Amount HK$'000
Authorised:			
At 1 April 2009, 31 March 2010 and 30 June 2011			
Ordinary shares of HK$0.01 each		4,000,000	40,000
Preference shares of HK$0.01 each		3,000,000	30,000
		7,000,000	70,000
Ordinary shares issued and fully paid:			
At 1 April 2009			
Ordinary shares of HK$0.01 each		530,347	5,304
Exercise of share options	(a)	5,973	60
Issue of shares	(b)	120,000	1,200
Issue upon conversion of preference shares	(c)	920,574	9,206
At 31 March 2010		1,576,894	15,770
Bonus issue	(d)	19,711	197
Issue of shares	(e)	222,458	2,225
Issue upon conversion of preference shares	(c)	150,022	1,500
At 30 June 2011		1,969,085	19,692
Preference shares issued and fully paid:			
At 1 April 2009		1,071,000	10,710
Preference shares of HK$0.01 each			
Conversion of preference shares	(c)	(920,574)	(9,206)
At 31 March 2010		150,426	1,504
Conversion of preference shares	(c)	(150,022)	(1,500)
At 30 June 2011		404	4
Total:			
At 1 April 2010		1,727,320	17,274
At 30 June 2011		1,969,489	19,696

29. SHARE CAPITAL – continued

The preference share, with a paid-up value of HK$0.14 per share, shall entitle the holder thereof the right to convert one preference share into one fully-paid ordinary share of the Company at any time after one year from the date of issuance of the preference shares. The preference shares are not redeemable and do not bear any voting right.

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

The undeclared cumulative preferential share dividend as at 30 June 2011 amounted to HK$3,530 (31.3.2010: HK$526,000).

Notes:

(a) During the year ended 31 March 2010, the Company issued 5,973,270 ordinary shares of HK$0.01 each at cash consideration of HK$0.498 per share pursuant to the exercise of the share options granted.

(b) During the year ended 31 March 2010, the Company issued and allotted ordinary shares as a result of the following placing of existing shares and top-up subscription of new shares:

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

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

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

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

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

(c) During the current period, 150,022,000 (year ended 31.3.2010: 920,574,000) preference shares of HK$0.01 each were converted into ordinary shares of HK$0.01 each of the Company.

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

(e) During the current period, the Company acquired 40% additional interest in China Gold Silver, satisfied by cash of HK$181,300,000 and issuance of the Consideration Shares, as detailed in note 2(a).

30. SHARE-BASED PAYMENT TRANSACTIONS

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

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

Pursuant to the 2009 Share Option Scheme, the maximum number of shares in the Company in respect of which options may be granted when aggregated with any other share option schemes of the Company is not permitted to exceeded 45,179,000 shares, representing 10% of the issued share capital of the Company as at the date of adoption of the 2009 Share Option Scheme or approximately 8.52% of the issued share capital of the Company as at 31 March 2009. As at 30 June 2011, the number of options which remain outstanding under the share option scheme was 28,771,580 (31.3.2010: 10,003,580) which, if exercise in full, representing 1.44% (31.3.2010: 0.63%) of the enlarged capital of the Company. Subject to the issue of a circular and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2009 Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares issue from time to time.

No option may be granted to any person if the total number of shares of the Company already issued and issuable to him under all the options granted to him in any 12-month period up to and including the date of grant exceeding 1% of the total number of shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting. The participant and his associates (as defined in the Listing Rules) are abstained from voting and/or other requirements prescribed under the Listing Rules from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

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

30. SHARE-BASED PAYMENT TRANSACTIONS – continued

(a) The following table sets out the movements of the Company's share options during the period from 1 April 2010 to 30 June 2011:

Eligible person	Date of grant	Exercise period	Exercise price HK$	Number of options: Outstanding as at 1.4.2010	Reclassification during the period (Note)	Granted during the period	Exercise during the period	Outstanding as at 30.6.2011
Directors	23.1.2009	23.1.2009 to 22.1.2019	0.498	903,580	–	–	–	903,580
	20.7.2009	20.7.2009 to 19.7.2019	1.510	4,800,000	500,000	–	–	5,300,000
	13.4.2010	13.4.2010 to 12.4.2020	1.400	–	–	1,000,000	–	1,000,000
				5,703,580	500,000	1,000,000	–	7,203,580
Employees	20.7.2009	20.7.2009 to 19.7.2019	1.510	3,500,000	(1,000,000)	–	–	2,500,000
Consultants	20.7.2009	20.7.2009 to 19.7.2019	1.510	800,000	500,000	–	–	1,300,000
	13.4.2010	13.4.2010 to 12.4.2020	1.400	–	–	2,000,000	–	2,000,000
	13.4.2010	13.7.2010 to 12.4.2020	1.400	–	–	5,000,000	–	5,000,000
	13.4.2010	13.10.2010 to 12.4.2020	1.400	–	–	5,000,000	–	5,000,000
	13.4.2010	13.1.2011 to 12.4.2020	1.400	–	–	5,768,000	–	5,768,000
				800,000	500,000	17,768,000	–	19,068,000
				10,003,580	–	18,768,000	–	28,771,580
Exercisable at the end of the period				10,003,580				28,771,580
Weighted average exercise price				1.419	–	1.400	–	1.406

Note: Mr. Yin Richard Yingneng, a holder of 500,000 share options, resigned as a director of the Company and become a consultant on 19 July 2010. Dr. Liu, a holder of 1,000,000 share options, changed from an employee to a director on 12 July 2010.

30. SHARE-BASED PAYMENT TRANSACTIONS – continued

(a) continued

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

30. SHARE-BASED PAYMENT TRANSACTIONS – continued

(b) The fair value of the options determined at the date of grant was HK$7,304,000 (date of grant during the year ended 31.3.2010: HK$4,199,000) and recognised in profit or loss during the period when such options were granted.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The fair value of the options granted during the period/year was calculated using binomial option pricing model. The key inputs into the model were as follows:

	Granted during the period from 1 April 2010 to 30 June 2011	Granted during the year ended 31 March 2010
Date of grant	**13 April 2010**	20 July 2009
Number of options granted	**18,768,000**	9,100,000
Grant date share price	**HK$1.38**	HK$1.51
Exercise price	**HK$1.40**	HK$1.51
Risk-free rate	**2.82%**	2.45%
Nature of the share options	**Call**	Call
Life of the options	**10 years**	10 years
Expected volatility	**46.55%**	151.69%
Expected dividend yield	**0.75%**	0%

31. ACQUISITION OF BUSINESS

In connection with the 3D-GOLD Acquisition which was completed on 28 July 2009, the Group paid, up to 31 March 2010, an aggregate sum of approximately HK$538,100,000 as total consideration for the Acquisition. The final amount of the consideration was agreed in November 2010 based on updated information on assets of the acquisition date. As a result, the consideration increased by HK$15,994,000 and the discount on acquisition of business decreased correspondingly by the same amount as disclosed in note 3. This transaction has been accounted for using the purchase method of accounting.

The net assets acquired in the transaction are as follows:

	Carrying amount before combination HK$'000	**Fair value adjustments** HK$'000	**Fair value** HK$'000 (restated)
Net assets acquired			
Property, plant and equipment	32,391	–	32,391
Intangible assets	–	168,066	168,066
Inventories	653,020	14,056	667,076
Trade and other receivables	83,034	–	83,034
Bank balances and cash	45,619	–	45,619
Trade and other payables	(204,108)	–	(204,108)
Tax payable	(1,673)	–	(1,673)
Deferred tax liabilities	893	(45,530)	(44,637)
	609,176	136,592	745,768
Discount on acquisition			(184,871)
Consideration			560,897
Represented by:			
Cash consideration			554,094
Cost of acquisition			6,803
			560,897
Satisfied by:			
Cash			443,217
Other payable			15,994
Deposit for acquisition of business			101,686
			560,897
Net cash outflow arising on acquisition:			
For the year ended 31 March 2010			
Cash consideration paid			(443,217)
Bank balances and cash acquired			45,619
			(397,598)
For the period from 1 April 2010 to 30 June 2011			
Cash consideration paid			(15,994)

31. ACQUISITION OF BUSINESS – continued

The consideration for the 3D-GOLD Acquisition was determined based on the value of the business, inventories and other assets. The directors of the Company, after reassessment, consider that the discount on acquisition of business is due to the fact that the cost of acquisition is favourable compared to the net fair value of the identifiable assets, liabilities and contingent liabilities of the restructured group of 3D-GOLD PLA and its subsidiaries and its business ("Restructured Group"). The discount on acquisition of HK$184,871,000 was mainly attributable to i) the tender was made to the provisional liquidators during the financial tsunami in December 2008 and a discount had been offered by the provisional liquidators on certain inventories held by the Restructured Group, and ii) the fair value change of the inventories held on the completion date.

32. OPERATING LEASES

The Group as lessee

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

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000
Operating lease rentals in respect of rented premises:		
Minimum lease payments	**38,127**	17,923
Contingent rental	**189,352**	85,694
	227,479	103,617

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

	30.6.2011 HK$'000	31.3.2010 HK$'000
Within one year	**44,544**	21,056
In the second to five years inclusive	**58,983**	34,087
	103,527	55,143

Leases are negotiated for lease terms of 1 to 5 years.

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

33. CAPITAL COMMITMENTS

	30.6.2011 HK$'000	31.3.2010 HK$'000
Acquisition of 40% of interest in China Gold Silver (note 2)	–	543,906
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	6	7,368
Commitment for further capital injection in an associate	32,400	–

34. RETIREMENT BENEFIT PLANS

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

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

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

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

As at 31 March 2010 and 30 June 2011, the Group had no significant obligation apart from the contribution as stated above.

35. PLEDGE OF ASSETS

At 30 June 2011, the Group's inventories and bank deposits with a carrying amount of HK$240,269,000 (31.3.2010: HK$138,885,000) and HK$36,040,000 (31.3.2010: nil) respectively were pledged to banks as securities to obtain the banking facilities granted to subsidiaries of the Group.

36. RELATED PARTY DISCLOSURES

(a) Related party transactions

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

Relationship	Nature of transactions	**1.4.2010 to 30.6.2011 HK$'000**	1.4.2009 to 31.3.2010 HK$'000
A company owned by a non-controlling shareholder of a subsidiary	Subcontracting expenses	**4**	121
	Interest expenses	**959**	1,598
A company owned by the spouse of a director of the Company	Interest expenses	**739**	1,740
A solicitors firm in which a director of the Company is a partner	Company secretariat and legal services fee	**3,532**	3,083
A solicitors firm in which the spouse of a director of the Company is a partner	Legal services fee	**–**	348
An associate	Management fee	**1,978**	–
Associates	Sales of jewellery	**34,395**	–
A jointly controlled entity	Sales of jewellery	**9,497**	–

On 3 August 2010, CB 2013 with principal amount of HK$56,000,000 were issued to certain related parties of the Company as disclosed in note 25.

As at 30 June 2011, the Group had an outstanding financial guarantee issued to a bank in respect of a banking facility granted to an associate as disclosed in note 37.

In addition, from time to time, a related company controlled by Dr. Liu also acts an agent to purchase gold from Shanghai Stock Exchange on behalf of the Group. Advance prepaid by the Group to such entity for sourcing purpose is detailed in note 21.

(b) Related party balances

Details of the Group's outstanding balances with related parties are set out on the consolidated statement of financial position and in notes 21, 24, 25 and 27.

36. RELATED PARTY DISCLOSURES – continued

(c) Credit facilities

As at 31 March 2010, certain of the Group's bank borrowing facilities were secured by guarantees given by related parties as set out in note 27.

(d) Compensation of key management personnel

Directors are key management personnel of the Company whose remuneration is disclosed in note 12.

37. CONTINGENT LIABILITIES

As at 30 June 2011, the Group had an outstanding financial guarantee issued to a bank in respect of a banking facility granted to an associate. The aggregate amount that could be required to be paid if the guarantees was called upon in entirety amounted to HK$3,000,000 (31.3.2010: nil). The directors considered that the fair value of this financial guarantee contract at their initial recognition is insignificant.

38. MAJOR NON-CASH TRANSACTIONS

(a) During the current period, the Group entered into finance lease arrangements for acquisition of certain property, plant and equipment with a total capital value of HK$1,319,000 (year ended 31.3.2010: nil).

(b) The Company made a bonus issue of ordinary shares as disclosed in note 29(d).

39. CAPITAL RISK MANAGEMENT

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

The capital structure of entities in the Group consists of debts, which include the bank and other borrowings disclosed in note 27, convertible bonds disclosed in note 25, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. As at 30 June 2011, the net gearing ratio of the Group is 80% (31.3.2010: 16%). The directors will closely monitor the net gearing ratio and will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	30.6.2011 HK$'000	31.3.2010 HK$'000 (restated)
Financial assets		
Loans and receivables (including cash and cash equivalents)	**482,198**	260,221
Financial liabilities		
Financial liabilities at fair value through profit or loss	**63,625**	–
Amortised costs	**872,613**	407,582

(b) Financial risk management objectives and policies

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

Market risk

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 27 for details of these borrowings). The Group is also exposed to cash flow interest rate risk in relation to its variable rate bank balances and bank and other borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollar denominated borrowings.

40. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Market risk – continued

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates of variable rate bank and other borrowings only as the management consider reasonable possible change in interest rate on variable bank balances would not have material financial impact to the Group. The analysis is prepared assuming the amounts of assets and liabilities outstanding at the end of the reporting period were outstanding for the whole period/year. The sensitivity analysis for the year ended 31 March 2010 does not include the impact of decrease in interest rate of the bank borrowing discussed in note 27(h) as any possible downward adjustment will result in fixed interest payment. Other than that, a 50 basis point (31.3.2010: 50 basis point) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interests rates had been 50 basis points (year ended 31.3.2010: 50 basis points) higher and all other variables were held constant, the profit of the Group would have been impacted as follows:

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000
Decrease in profit for the period/year	**(1,076)**	(550)

If interests rates had been 50 basis points (31.3.2010: 50 basis points) lower and all other variables were held constant, the profit of the Group would have been impacted as follows:

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000
Increase in profit for the period/year	**1,076**	250

40. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Market risk – continued

Currency risk

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

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

	Assets		Liabilities	
	30.6.2011	31.3.2010	**30.6.2011**	31.3.2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**5,489**	17,292	**(428,381)**	(158,067)
MOP	**723**	726	**–**	–

Currency risk sensitivity analysis

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

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

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

40. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Market risk – continued

Currency risk sensitivity analysis – continued

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

	1.4.2010 to 30.6.2011 HK$'000	1.4.2009 to 31.3.2010 HK$'000
Profit for the period/year		
RMB against HK$	**21,145**	7,040

Price risk

The Group is exposed to equity price risk arising from changes in the Company's own share price in relation to derivative financial instruments.

The Group is also exposed to commodity price risk arises from gold loans (note 27). Since gold inventories and gold loans have offsetting effect on price fluctuation, the management of the Group does not expect that there will be any significant commodity price risk.

Price risk sensitivity analysis

If the Company's own share price has been higher/lower, profit for the period/year would decrease/increase as a result of the changes in fair value of derivative financial instruments of the Group based on the Group's exposure to equity price risk at the end of the reporting period.

40. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 37.

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

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the credit risk on liquid funds is limited because the counterparties are banks with good reputation.

The Group has no significant concentration of credit risk, with exposure spread over a large number of shopping malls and department stores, except for as of 30 June 2011 where the largest debtor amounting to HK$24,458,000 representing receivables from an associate.

Liquidity risk

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

The following tables detail the Group's contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on agreed repayment dates. The tables include both interest and principal cash flows.

40. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Liquidity risk – continued

Liquidity table

	Weighted average interest rate %	On demand or in 30 days HK$'000	31 to 90 days HK$'000	91 to 365 days HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 June 2011								
Trade and other payables	–	154,674	–	–	–	–	154,674	154,674
Franchise guarantee deposits	–	33,017	–	–	–	–	33,017	33,017
Bank and other borrowings								
– fixed rate	5.94	892	180,524	–	–	–	181,416	180,202
– variable rate	2.01	122,326	5,183	5,715	41,430	–	174,654	172,188
Convertible bonds	11.51	3,386	6,765	31,899	197,160	257,138	496,348	332,532
Obligations under finance leases	2.54	38	113	397	465	–	1,013	969
		314,333	192,585	38,011	239,055	257,138	1,041,122	873,582

	Weighted average interest rate %	On demand or in 30 days HK$'000	31 to 90 days HK$'000	91 to 365 days HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 March 2010 (restated)								
Trade and other payables	–	105,945	–	10,000	5,994	–	121,939	121,939
Franchise guarantee deposits	–	19,505	–	–	–	–	19,505	19,505
Bank and other borrowings								
– fixed rate	5.26	28,756	706	81,015	–	–	110,477	107,955
– variable rate	3.91	50,148	902	60,399	–	–	111,449	110,000
Amount due to a shareholder	–	48,183	–	–	–	–	48,183	48,183
		252,537	1,608	151,414	5,994	–	411,553	407,582

40. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Liquidity risk – continued

Bank loans with a repayment on demand clause are included in the "on demand or in 30 days" time band in the above maturity analysis. As at 30 June 2011, the aggregate undiscounted principal amounts of these bank loans amounted to HK$94,188,000 (31.3.2010: nil). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's bank loans with a repayment on demand clause based on the scheduled repayment dates set out in the agreements as set out in the table below:

	On demand or in 30 days HK$'000	31 to 90 days HK$'000	91 to 365 days HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
30.6.2011							
Bank borrowings with a repayment on demand clause	13,342	1,691	17,829	26,736	38,778	98,376	94,188

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair values

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of derivative embedded in the convertible bonds was based on the Binomial model using prices or rates of similar instruments with key inputs such as weighted average share price, exercise price, expected dividend yield, and expected volatility. Details are set out in note 25.

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

Financial instruments that are measured subsequent to initial recognition at fair value, based on the degree to which the fair value is observable, were grouped into Levels 1 to 3.

40. FINANCIAL INSTRUMENTS – continued

(c) Fair values – continued

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial assets measured in different levels recognised in the consolidated statement of financial position is as follows:

	30.6.2011			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial liabilities at FVTPL				
Gold loans	**62,055**	**–**	**–**	**62,055**
Derivative financial instruments	**–**	**1,570**	**–**	**1,570**
	62,055	**1,570**	**–**	**63,625**

41. EVENTS AFTER THE REPORTING PERIOD

(a) On 26 July 2011, the Group granted 9,000,000 and 2,250,000 share options to two executive directors and a business associate, respectively, with exercise price of HK$0.56. The management is in the process of considering the financial impact on the consolidated financial statements.

(b) Subsequent to the reporting period, a subsidiary of the Company entered into loan agreement with a bank for a loan of RMB300,000,000. The amount is secured by a floating charge on the Group's inventories in the PRC amounting to RMB350,000,000, of which RMB100,000,000 is repayable by 2012 and RMB200,000,000 is repayable by 2013 respectively, and interest bearing at 110% of People's Bank of China Prescribed Rate.

42. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY

	30.6.2011 HK$'000	31.3.2010 HK$'000
Investments in subsidiaries	**640,295**	200,000
Amounts due from subsidiaries	**327,897**	107,525
Other assets	**7,328**	13,795
Total assets	**975,520**	321,320
Total liabilities	**(347,986)**	(1,937)
Net assets	**627,534**	319,383
Share capital	**19,696**	17,274
Reserves (Note)	**607,838**	302,109
Total equity	**627,534**	319,383

Note:

The movement of reserves is as follows:

	Share premium HK$'000	**Contributed surplus** HK$'000	**Share option reserve** HK$'000	**(Accumulated losses) retained earnings** HK$'000	**Total** HK$'000
At 1 April 2009	248,724	–	2,915	(84,104)	167,535
Issue of ordinary shares, net of transaction costs	173,338	–	–	–	173,338
Equity-settled share-based payments and exercise of share options	1,987	–	5,127	–	7,114
Capital reduction	(200,000)	84,697	–	115,303	–
Interim dividend paid	–	(18,535)	–	–	(18,535)
Loss for the year and total comprehensive income for the year	–	–	–	(27,343)	(27,343)
At 31 March 2010	224,049	66,162	8,042	3,856	302,109
Bonus issue	(197)	–	–	–	(197)
Acquisition of additional interest in a subsidiary	304,767	–	–	–	304,767
Transaction costs arising from acquisition of additional interest in a subsidiary	(7,313)	–	–	–	(7,313)
Equity-settled share-based payments	–	–	7,304	–	7,304
Dividend paid	–	(6,893)	–	–	(6,893)
Profit for the period and total comprehensive income for the period	–	–	–	8,061	8,061
At 30 June 2011	521,306	59,269	15,346	11,917	607,838

43. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's subsidiaries as at 30 June 2011 and 31 March 2010 are as follows:

Name of subsidiaries	Place of incorporation/ establishment	Authorised ordinary share capital/ registered capital	Issued and fully-paid ordinary share capital/ paid up capital	Percentage of issued ordinary share capital/ registered capital held by the Group (Note 1) 30.6.2011	31.3.2010	Attributable equity interest held 30.6.2011	31.3.2010	Principal activities
3D-GOLD Company Limited	Hong Kong	HK$10,000	HK$100	**100%**	100%	**100%**	60%	Investment holding
金至尊實業發展(深圳)有限公司 (3D-GOLD Enterprises Development (Shenzhen) Co. Ltd.) (Note 2)	PRC	US$60,000,000	US$60,000,000	**100%**	100%	**100%**	60%	Retailing and franchising operations of gold and jewellery products in Mainland China
3D-GOLD International Company Limited	Hong Kong	HK$10,000	HK$2	**100%**	100%	**100%**	60%	Holding of trademark
3D-GOLD Jewellery (HK) Limited	Hong Kong	HK$10,000	HK$100	**100%**	100%	**100%**	60%	Retailing of gold and jewellery products in Hong Kong
3D-GOLD Jewellery (Japan) Limited	British Virgin Islands	US$50,000	US$1,000	**70%**	–	**70%**	–	Investment holding
金至尊珠寶股份有限公司 (3D-GOLD Jewellery Co. Ltd.) (Note 3)	PRC	RMB100,000,000	RMB20,000,000	**100%**	–	**100%**	–	Sale of jewellery
3D-GOLD Management Services Limited	Hong Kong	HK$5,000,000	HK$1	**100%**	100%	**100%**	60%	Provision of management services
3D-GOLD Online Limited	Hong Kong	HK$10,000	HK$100	**100%**	–	**80%**	–	Online marketing and E-commerce
3D-GOLD (PRC Holding) Company Limited	Hong Kong	HK$10,000	HK$100	**100%**	100%	**100%**	60%	Investment holding
Brand New Management Limited	British Virgin Islands	US$50,000	US$1	**100%**	100%	**100%**	100%	Investment holding
China Gold Silver Group Company Limited	British Virgin Islands	US$50,000	US$3,333	**100%**	60%	**100%**	60%	Investment holding

43. PARTICULARS OF THE SUBSIDIARIES – continued

Name of subsidiaries	Place of incorporation/ establishment	Authorised ordinary share capital/ registered capital	Issued and fully-paid ordinary share capital/ paid up capital	Percentage of issued ordinary share capital/ registered capital held by the Group (Note 1)		Attributable equity interest held		Principal activities
				30.6.2011	31.3.2010	**30.6.2011**	31.3.2010	
Elite Art International Limited	Hong Kong	HK$10,000	HK$1	**100%**	100%	**100%**	100%	Investment holding
Great Network Holdings Limited	British Virgin Islands	US$50,000	US$100	**80%**	80%	**80%**	48%	Investment holding
Great Tactic Limited	British Virgin Islands	US$50,000	US$1	**100%**	100%	**100%**	100%	Rental Holding
Gold Ocean Jewellery Company Limited	Macau	MOP500,000	MOP500,000	**100%**	100%	**100%**	60%	Retailing of gold and jewellery products in Macau
Golden Zone International Limited	British Virgin Islands	US$50,000	US$1	**100%**	100%	**100%**	60%	Investment holding
La Milky Way International Company Limited	Hong Kong	HK$10,000	HK$100	**(Note 4)**	100%	**(Note 4)**	60%	Holding of trademark
La Milky Way Jewellery Limited	Hong Kong	HK$10,000	HK$1	**–**	100%	**–**	60%	Design, manufacturing and trading of jewellery
Trump Power Limited	Hong Kong	HK$10,000	HK$100	**100%**	100%	**100%**	100%	Trading of precious metals related products
淘至尊數碼科技(深圳)有限公司 (Note 2)	PRC	RMB500,000	RMB500,000	**100%**	–	**80%**	–	Online marketing and E-commerce

Notes:

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

2. These companies established in the PRC are wholly owned foreign enterprises.

3. 3D-GOLD Jewellery Co. Ltd. established in the PRC is a sino-foreign joint venture company.

4. Upon the issuance of additional shares to an independent third party, of the Group by La Milky Way International Company Limited, the Group's interest in this company have been diluted from 60% to 30% during the current period and became an associate of the Group (note 18).

FINANCIAL SUMMARY

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

RESULTS

	15 months ended 30 June 2011 HK$'000	Year ended 31 March 2010 HK$'000 (Restated)	Year ended 31 March 2009 HK$'000	Year ended 31 March 2008 HK$'000	Year ended 31 March 2007 HK$'000
Turnover	**3,223,377**	1,290,110	95,138	52,696	131,871
Profit (Loss) before taxation	**73,907**	228,793	275,246	(7,616)	(177,494)
Taxation	**(35,395)**	(21,247)	(13)	(17)	–
Profit (Loss) for the period/year	**38,512**	207,546	275,223	(7,633)	(177,494)
Total comprehensive income (loss) for the period/year attributable to owners of the Company	**63,264**	113,803	275,664	(7,633)	(177,494)

ASSETS AND LIABILITIES

	As at 30 June 2011 HK$'000	As at 31 March 2010 HK$'000 (Restated)	As at 31 March 2009 HK$'000	As at 31 March 2008 HK$'000	As at 31 March 2007 HK$'000
Total assets	**1,749,600**	1,239,091	219,354	95,527	93,394
Total liabilities	**(1,140,015)**	(552,643)	(3,596)	(455,490)	(445,724)
Non-controlling interests	**–**	(226,612)	(32,902)	–	–
Equity attributable to owners of the Company	**609,585**	459,836	182,856	(359,963)	(352,330)