ZHONG FA ZHAN HOLDINGS LIMITED

(Formerly known as Noble Jewelry Holdings Limited)

(incorporated in the Cayman Islands with limited liability)

Stock Code: 475

Annual Report 2012

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wu Hao *(Chairman)*
Mr. Hu Yangjun
Mr. Hu Yishi
Mr. Chan Wing Yuen, Hubert *(Chief Executive)*

Non-executive Director

Mr. Li Wei Qi, Jacky

Independent non-executive Directors

Mr. Wu Chi Keung
Mr. Heung Chee Hang, Eric
Ms. Kwok Pui Ha

Audit Committee

Mr. Wu Chi Keung *(Chairman)*
Mr. Heung Chee Hang, Eric
Ms. Kwok Pui Ha

Remuneration Committee

Mr. Wu Chi Keung *(Chairman)*
Mr. Chan Wing Yuen, Hubert
Mr. Heung Chee Hang, Eric

Nomination Committee

Mr. Wu Chi Keung *(Chairman)*
Mr. Chan Wing Yuen, Hubert
Ms. Kwok Pui Ha

Company Secretary

Mr. Sin Lap Poon, *ACIS, ACS*

Head Office and Principal Place of Business in Hong Kong

Unit 16-A3, 1/F.
Block A, Focal Industrial Centre
21 Man Lok Street
Hung Hom
Kowloon
Hong Kong

Registered Office

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

Principal Share Registrar

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

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

The Hong Kong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

Legal Advisers

Angela Ho & Associates
K&L Gates

Auditor

BDO Limited

Company Website

www.475hk.com

Stock Code

00475

CHAIRMAN'S STATEMENT

To Our Shareholders,

On behalf of the board of directors (the "Board") of Zhong Fa Zhan Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively "Zhong Fa Zhan" or the "Group") for the year ended 31 March 2012.

The Group reached a new milestone during the year under review. Since November 2011, the entity jointly established by Mr. Hu Yangjun and Mr. Hu Yishi has become the single largest shareholder of the Group, which currently holds approximately 74.82% stake in the Company. Meanwhile, following the change of the Company's controlling shareholder, the name of the Company has been changed from "Noble Jewelry Holdings Limited" to "Zhong Fa Zhan Holdings Limited" to reflect the Company's development strategy of diversifying the Group's businesses. This move will benefit the Group's future development. I believe the new names of the Company will help portray a new corporate image, which is also in the best interests of the Company and its shareholders as a whole.

In addition, the Board has appointed eight new members to serve as directors, including four executive directors, one non-executive director and three independent non-executive directors. We believe the sound configuration of the Board and contribution from each director, coupled with the effective supervision of the three professional independent non-executive directors, will ensure a high level of corporate governance standards within the Group, as well as the best performance and high efficiency of the management. This will in turn help create long-term value for our shareholders.

The Group already completed a structural reorganization during the year under review, and is now focusing mainly on the design, manufacture and wholesaling of fine jewelry products in China, though the unstable economic environment around the globe and the rising inflation may add uncertainties to the Group's future business growth.

With the set-up of a new management team, the Board is currently formulating new business strategies and plans for the Group. Depending on the results of our studies, we will consider diversifying the Group's businesses when there arise promising investment opportunities or development potential, in an effort to expand revenue sources of the Group.

Given the aforesaid, the Board suggests retaining cash resources to fund business development in the coming year, so as to create more decent returns for our shareholders. As such, the Board proposes not to distribute a final dividend for the 2011/12 financial year.

Looking forward, we are set to embrace any challenges and are confident that we can overcome difficulties and successfully tap new business opportunities. We will strive for better results and reward our shareholders with higher returns.

On behalf of the Board, I would like to extend my heartfelt gratitude to all shareholders, customers and business partners of the Company for their continuing support to the Group. I wish to also express my appreciation to the Group's directors, management and staff for their contribution and commitment to the Group over the last year.

Wu Hao
Chairman and Executive Director

Hong Kong, 22 June 2012

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group has completed the group reorganization, details of which are set out in the circular (the "Circular") issued by the Company to shareholders on 30 September 2011. Unless otherwise stated, capitalized terms used in this annual report shall have the same meanings as those defined in the Circular.

Continuing Operations

Following completion of the Distribution in Specie and the Share Sale Agreement on 21 November 2011, the Group comprises only the Remaining Group, and the Privateco Group no longer forms part of the Group. The Group is now principally engaged in the design, manufacturing and wholesale of fine jewelry products in the PRC.

Operating Results

The Group achieved significant business growth during the year under review. Turnover rose by 61.7% to HK$74.4 million compared with HK$46.0 million in the previous financial year while gross profit grew by 110.5% from HK$5.7 million to HK$12.0 million. However, as a result of the one-off expenses in relation to the Group Reorganisation and the additional administrative expenses which could not be shared with the Privateco Group following the Group Reorganization, the Group recorded a net loss of HK$7.4 million (2011: net profit HK$9,000). Basic loss per share were 2.7 HK cents (2011: basic earnings per share Nil HK cents).

Business Review

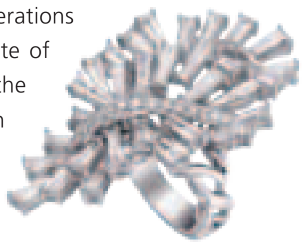
Upon the completion of the Group Reorganisation, the Group principally focused on its wholesale business in the PRC. Although the surge in gold and diamond prices continued, the consistently rapid economic development in the PRC and the soaring of demand for jewelry in the PRC contributed primarily to the growth of business of the Group. The Group is able to improve it's gross profit margin from 12.4% to 16.1% as comparing to the last corresponding period.

Discontinued Operations

Following the completion of the Group Reorganisation and Distribution in Specie on the Date of Distribution, the Group has, by way of distribution in specie, discontinued its operations as an integrated jewelry designer, manufacturer and related integrated service provider to jewelry retailers and wholesalers in various countries other than the PRC and retail of fine jewelry in the United States of America and Spain (the "Discontinued Operations").

Operating Results

The Group recorded a turnover of approximately HK$413.2 million for the Discontinued Operations and achieved a gross profit of approximately HK$124.4 million for the period up to the Date of Distribution (the "Review Period"). The net profit for the Discontinued Operations for the Review Period is approximately HK$16.0 million. As the Group discontinued the operation of the Discontinued Operations during the course of the year under review, no relevant comparative figures of the corresponding period is available for analysis.



Business Review

Following the trend of previous year, Middle East and Europe continued to be the major markets. The sales in these markets amounted to approximately HK$218.4 million, making up of approximately 52.9% of the turnover of the Discontinued Operations. The consumption sentiment in America has been restoring slowly, which contributed to a sales of HK$87.0 million. The growth in the newly emerging markets, such as Indonesia, was satisfactory to approximately HK$50.6 million.

Distribution in Specie

On 21 November 2011, a wholly-owned subsidiary of the Company, Noble Jewelry Investment Limited, acquired certain subsidiaries of the Company, which constituted the Discontinued Operations, by issuing shares to the Company. All the shares of Noble Jewelry Investment Limited then held by the Company have been distributed in specie to the shareholders of the Company.

Prospects

Looking forward, in the face of the global unstable economic environment, the rapid economic development of the PRC in particular to the export sectors may not persist in the upcoming financial year and the rising inflation will further drive the operating cost to a higher level. These unfavorable factors may bring about uncertainty to the growth of our business, however, the Group will continue to bolster its production efficiency and design capacity, implement cost control measures and identify opportunities to explore its wholesale network in the PRC to achieve a more promising result.

The Group will closely monitor the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Should suitable investment or business opportunities arise, the Group may consider diversifying the business of the Group with an objective to broaden its income source. Currently no such investment or business opportunities had been identified nor had the Group entered into any agreement, arrangements, understandings, intention or negotiation in relation to injection of any assets or business into the Group.

Liquidity and Financial Resources

As at 31 March 2012, the Group's net current assets and current ratio stood at HK$38.7 million and 3.1 respectively (2011: HK$105.4 million and 1.2 respectively). Net gearing ratio (total interest bearing borrowings net of cash at banks and in hand as a percentage of total equity) was nil as at 31 March 2012 (2011: 88.5%). The significant reduction in the net gearing ratio and increased in current ratio mainly reflects the Group could maintain a satisfactory financial position with its financial resources and liquidity position consistently monitored.

The Group had no bank borrowings as at 31 March 2012 (2011: total bank borrowing including bank overdrafts and bank loans were HK$258.1 million, of which the total bank borrowings in US dollars amounted to US$7.3 million).

The Group had no banking facilities as at 31 March 2012 (2011: HK$316.3 million, comprising bank overdrafts and bank loans, and out of which approximately HK$58.2 million was unutilized).

As at 31 March 2012, the Group's cash at banks and in hand amounted to HK$10.5 million (2011: HK$14.3 million).

Charges on Group Assets

As at 31 March 2012, the Group did not have any charges on the Group's assets (2011: HK$38.0 million).

Capital Structure

For the year ended 31 March 2012, the Group financed its liquidity requirements through cash flow as generated from operation.

Capital Commitment and Contingent Liabilities

As at 31 March 2012, the Group did not have any capital commitments (2011: HK$7.8 million) and had HK$1.1 million of the operating lease commitments (2011: HK$28.7 million).

As at 31 March 2012, the Group did not have any significant contingent liabilities (2011: Nil).

Staff and Remuneration Policy

As at 31 March 2012, the Group had a total of 85 employees (2011: 804), a significant reduction of 719 headcounts (most of them had been continuously employed by the Privateco Group as a result of the group restructuring), comparing with last year end. Staff costs for the year under review was HK$69.0 million, representing a decrease of 26.8% as compared to 2011 of HK$94.2 million. The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees. Other benefits include share option scheme and contribution to statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

Foreign Exchange Fluctuation and Hedges

Currently, the Group was principally based in the PRC and was not significantly exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transaction and recognized assets and liabilities. While the Group would closely monitor the volatility of the Renminbi exchange rate, the directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2012, no forward foreign currency contracts are designated in hedging accounting relationships (2011: Nil).

Executive Directors

Mr. Wu Hao, aged 38, is our chairman and an executive Director. He joined the Group in 2012 and is responsible for overall strategic planning and development. Mr. Wu Hao joined Xinjiang Lian Rui Mining Company Limited* (新疆聯瑞礦業有限公司), which is principally engaged in mining resources business, in 2008 and was appointed as its vice chairman in 2009. Mr. Wu Hao graduated in legal professional studies from Correspondence Institute of Party School of the Central Committee of Communist Party of China* (中共中央黨校函授學院) in 2002.

Mr. Hu Yangjun, aged 38, is an executive Director. He joined the Group in 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yangjun has corporate management experience in information technology and international trade and is currently an executive director of Neo Telemedia Limited (stock code: 8167), the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Hu Yangjun was an executive director of Zheda Lande Scitech Limited (stock code: 8106), the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Hu Yangjun graduated from Anhui Normal University.

Mr. Hu Yishi, aged 36, is an executive Director. He joined the Group in 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yishi has experience in China affairs and business. Mr. Hu Yishi is a non-executive director and the chairman of Kai Yuan Holdings Limited (stock code: 1215), the issued shares of which are listed on the Stock Exchange. Mr. Hu Yishi was previously an executive director of China Pipe Group Limited (stock code: 380) and Sun Media Group Holdings Limited (now known as Up Energy Development Group Limited (stock code: 307)), the issued shares of both companies are listed on the Stock Exchange. Mr. Hu Yishi graduated from Shanghai International Tourism Vocational Technology School.

Mr. Chan Wing Yuen, Hubert ("Mr. Hubert Chan"), aged 54, is our chief executive and an executive Director. He joined the Group in 2011 and is responsible for business policy formulation and execution. Mr. Hubert Chan is a member of the Chinese People's Political Consultative Conference – Heilongjiang Province Committee in the PRC. Mr. Hubert Chan spent over ten years with the Stock Exchange where he last served as a director of the Listing Division of the Stock Exchange and was in charge of the China Listing Affairs Department of the Listing Division of the Stock Exchange. Mr. Hubert Chan was a director of Guangdong Investment Limited (stock code: 270), Rising Development Holdings Limited (stock code: 1004), Interchina Holdings Company Limited (stock code: 202) and China Pipe Group Limited (stock code: 380), all companies of which shares are listed on the Stock Exchange. Mr. Hubert Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Hubert Chan is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and is also a member of the Hong Kong Securities Institute and the Hong Kong Institute of Directors.

* *translation for identification purpose only*

Non-executive Director

Mr. Li Wei Qi, Jacky ("Mr. Jacky Li"), aged 40, was appointed as a non-executive director in November 2011. Mr. Jacky Li has experience in the financial services field. Mr. Jacky Li is currently vice president of the marketing department of Emperor Bullion Investments (Asia) Limited, Emperor Futures Limited, Emperor Securities Limited and Emperor Wealth Management Limited. Mr. Jacky Li is a licensed representative under the SFO to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities, a licensed representative of the Professional Insurance Brokers Association to carry on long term insurance (including linked long term insurance) and general insurance regulated activities, a licensed representative of the Mandatory Provident Fund Schemes Authority to carry on related regulated activities and an account executive registered with The Chinese Gold & Silver Exchange Society. Mr. Jacky Li was previously vice president of the marketing department of Tanrich Futures Limited and was a person licensed by the SFC for dealing and advising in futures contracts and asset management.

Independent Non-executive Directors

Mr. Wu Chi Keung (also known as Mr. Edward Wu), aged 55, was appointed as an independent non-executive director in November 2011. Mr. Edward Wu has experience in the financial audit field and was a partner of Deloitte Touche Tohmatsu. Mr. Edward Wu is currently an independent non-executive director of China Renji Medical Group Limited (Stock Code: 648), China Medical System Holdings Limited (stock code: 867), Jinchuan Group International Resources Co., Ltd (stock code: 2362), GreaterChina Professional Services Limited (stock code: 8193) and JF Household Furnishing Limited (stock code: 776), respectively, all companies of which shares are listed on the Stock Exchange. Mr. Edward Wu graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in accountancy. He is an associate of the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) and a fellow member of the Chartered Association of Certified Accountants in the United Kingdom (now known as the Association of Chartered Certified Accountants).

Mr. Heung Chee Hang, Eric ("Mr. Eric Heung"), aged 44, was appointed as an independent non-executive director in November 2011. Mr. Eric Heung is a practising solicitor in Hong Kong. Mr. Eric Heung is currently a partner of Tung, Ng, Tse & Heung, Solicitors and is an independent non-executive director of Mobile Telecom Network (Holdings) Limited (stock code: 8266), a company of which shares are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Eric Heung graduated with a degree in laws from the University of Leicester, England and was admitted as a solicitor of the Supreme Court of Hong Kong.

Ms. Kwok Pui Ha (also known as Ms. Tracy Kwok), aged 43, was appointed as an independent non-executive director in November 2011. Ms. Tracy Kwok is the group financial controller of CIAM Group Limited (stock code: 378), a company of which shares are listed on the Stock Exchange, and of CITIC International Assets Management Limited, the immediate holding company of CIAM Group Limited. Ms. Tracy Kwok had worked with Deloitte Touche Tohmatsu and has experience in financial management and accounting with companies the shares of which are listed on the Stock Exchange. Ms. Tracy Kwok graduated with a bachelor degree in accountancy from City Polytechnic of Hong Kong (now known as City University of Hong Kong) and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, an Associate of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Securities Institute.

Senior Management

Mr. Ng Kwok Kit (also known as Mr. Eric Ng), aged 27, is the financial controller of the Group. He joined the Group in 2012 and is responsible for the financial and accounting matters of the Group. Mr. Eric Ng graduated with a bachelor degree in finance from Hong Kong Baptist University. Mr. Eric Ng is a member of the Hong Kong Institute of Certified Public Accountants. He had worked with Deloitte Touche Tohmatsu and has over 5 years' experience in auditing and accounting.

Mr. Sin Lap Poon (also known as Mr. Eddie Sin), aged 39, is the company secretary and assistant director of administration of the Group. He joined the Group in 2004 and is responsible for the Group's human resources, administration and company secretarial matters. Mr. Eddie Sin obtained a master's degree in professional accounting and information systems from the City University of Hong Kong in 2004 and a bachelor's degree in laws from the University of London in 2010. Mr. Eddie Sin is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators of the United Kingdom. He has over 10 years' experience in human resources, administration and company secretarial duties.

REPORT OF THE DIRECTORS

Directors of the Company are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2012.

Principal Activities

The Group is principally engaged in the design, manufacture and wholesale of fine jewelry products in the PRC. The principal activities of the Company's subsidiaries are set out in note 19 to the financial statements.

Results and Dividends

The Group's profit for the year ended 31 March 2012 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 27 to 91 of this Annual Report.

The Board did not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: Nil).

Closure of Register of Members

The register of members will be closed from Wednesday, 15 August 2012 to Friday, 17 August 2012 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the forthcoming annual general meeting to be held on 17 August 2012 (the "Annual General Meeting"), all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 14 August 2012.

Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 92 of this Annual Report.

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 32 to the financial statements and in the consolidated statement of changes in equity, respectively.

Subsidiaries

Particulars of the Group's principal subsidiaries are set out in note 19 to the financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 18 to the financial statements.

Borrowings

Details of the borrowings of the Group are set out in note 26 to the financial statements.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 30 to the financial statements.

Directors

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

Executive Directors:

Mr. Wu Hao (appointed on 13 February 2012) *(Chairman)*
Mr. Hu Yangjun (appointed on 29 November 2011)
Mr. Hu Yishi (appointed on 29 November 2011)
Mr. Chan Wing Yuen, Hubert (appointed on 29 November 2011) *(Chief Executive)*
Mr. Chan Yuen Hing (resigned on 20 December 2011)
Mr. Tang Chee Kwong (resigned on 20 December 2011)
Ms. Chan Lai Yung (resigned on 20 December 2011)
Mr. Lai Wang (resigned on 20 December 2011)
Mr. Setiawan Tan Budi (resigned on 20 December 2011)
Mr. Tsang Wing Ki (resigned on 20 December 2011)
Mr. Chan Wing Nang (resigned on 1 April 2011)

Non-executive Director:

Mr. Li Wei Qi, Jacky (appointed on 29 November 2011)

Independent non-executive Directors:

Mr. Wu Chi Keung (appointed on 29 November 2011)
Mr. Heung Chee Hang, Eric (appointed on 29 November 2011)
Ms. Kwok Pui Ha (appointed on 29 November 2011)
Mr. Chan Cheong Tat (resigned on 20 December 2011)
Mr. Tang Chiu Ming Frank (resigned on 20 December 2011)
Mr. Yu Ming Yang (resigned on 20 December 2011)

In accordance with Article 86(3) of the articles of association of the Company, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company after his appointment and be eligible for re-election. Mr. Wu Hao, having been appointed as Director on 13 February 2012, Mr. Hu Yangjun, Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert, Mr. Li Wei Qi, Jacky, Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha, having been appointed as Director on 29 November 2011 as an addition to the existing Board, shall retire from office at the Annual General Meeting and, being eligible, offer themselves for re-election at the Annual General Meeting.

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

Confirmation of Independence of Independent Non-Executive Directors

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

Directors' Service Contracts

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

Directors' Emoluments

Details of the remuneration of the Directors for the year ended 31 March 2012 are set out in note 13 to the financial statements.

Share Option Scheme

The Group has approved and adopted a share option scheme on 26 February 2007 for its employees and other eligible participants with a view to provide an incentive to or as a reward for their contribution to the Group. Summary of the share option scheme is set out in note 31 to the financial statements. Details of the movements of share options granted during the year under review and outstanding as at 31 March 2012 are as follows:

	Number of share options							
	At 1 April 2011	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 March 2012	Exercise period (both dates inclusive)	Exercise price HK$	Closing price immediately before the date of grant HK$
Directors:								
Chan Yuen Hing	100,000	—	—	(100,000)	—	1 February 2010 to 31 January 2012	1.27	1.27
	100,000	—	—	(100,000)	—	1 February 2011 to 31 January 2012	1.27	1.27
Tang Chee Kwong	100,000	—	(100,000)	—	—	1 February 2010 to 31 January 2012	1.27	1.27
	100,000	—	(100,000)	—	—	1 February 2011 to 31 January 2012	1.27	1.27
Chan Lai Yung	100,000	—	(100,000)	—	—	1 February 2010 to 31 January 2012	1.27	1.27
	100,000	—	(100,000)	—	—	1 February 2011 to 31 January 2012	1.27	1.27
Chan Wing Nang	75,000	—	—	(75,000)	—	1 February 2010 to 31 January 2012	1.27	1.27
	75,000	—	—	(75,000)	—	1 February 2011 to 31 January 2012	1.27	1.27
Lai Wang	50,000	—	(50,000)	—	—	1 February 2010 to 31 January 2012	1.27	1.27
	50,000	—	(50,000)	—	—	1 February 2011 to 31 January 2012	1.27	1.27
Tsang Wing Ki	75,000	—	(75,000)	—	—	1 February 2010 to 31 January 2012	1.27	1.27
	75,000	—	(75,000)	—	—	1 February 2011 to 31 January 2012	1.27	1.27
Total Directors	1,000,000	—	(650,000)	(350,000)	—			
Employees	630,000	—	(630,000)	—	—	1 February 2010 to 31 January 2012	1.27	1.27
	630,000	—	(630,000)	—	—	1 February 2011 to 31 January 2012	1.27	1.27
Total Employees	1,260,000	—	(1,260,000)	—	—			
Total All Categories	2,260,000	—	(1,910,000)	(350,000)	—			

Directors' Interests in Contracts of Significance

Save as disclosed in the section headed connected transactions below, no contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which the Directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests and Short Positions in Shares

As at 31 March 2012, the interests and short positions of the Directors of the Company and their associates in the shares and underlying shares of the Company (the "Shares") as recorded in the register to be kept under Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

Long Positions

Ordinary Shares of HK$0.01 each

Name of Director	Capacity	Number of Issued ordinary Shares held (Including underlying shares)	Percentage of the issued ordinary share capital of the Company
Mr. Hu Yangjun	*(Note 1)*	204,718,000	74.82%
Mr. Hu Yishi	*(Note 2)*	204,718,000	74.82%

Notes:

(1) Mr. Hu Yangjun had a deemed interest of 204,718,000 Shares held by Resources Rich Capital Limited ("Resources Rich"), a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.

(2) Mr. Hu Yishi had a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.

Save as disclosed above, as at 31 March 2012, no interest and short position in the Shares or underlying Shares were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company or any of their respective associates which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Save as disclosed above, at no time during the year was the Company or its holding companies, or any of its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the Directors or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Connected Transactions

Save as disclosed in the note 34 to the financial statements, no connected transaction has been conducted during the year.

Substantial Shareholders' Interests and Short Positions in Shares

As at 31 March 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors and their associates, the following shareholders have notified the Company of relevant interests in the issued share capital of the Company:

Long Positions

Ordinary Shares of HK$0.01 each

Name of Shareholder	Capacity	Number of issued ordinary Shares held	Percentage of the issued ordinary share capital of the Company
Resources Rich	*(Note 1)*	204,718,000	74.82%
Zhang Qi	*(Note 2)*	204,718,000	74.82%
Lin Min	*(Note 3)*	204,718,000	74.82%

(1) 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu Yangjun while the other 50% is owned by Mr. Hu Yishi. Mr. Hu Yangjun and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.

(2) Ms. Zhang Qi had a deemed interest of 204,718,000 Shares held by her spouse, Mr. Hu Yangjun, through Resources Rich, a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.

(3) Ms. Lin Min had a deemed interest of 204,718,000 Shares held by her spouse, Mr. Hu Yishi, through Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.

Save as disclosed above, as at 31 March 2012, no other parties, other than the Directors whose interests are set out in the section "Directors' Interests and Short Positions in Shares" above, had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Change of Company Name

In view of providing the Company with fresh corporate identity and benefiting the Group's future business development, the Board considered that a change of company name would reflect the change in controlling shareholder of the Company and the Company's intended strategy to diversify the business of the Group. Therefore, pursuant to a special resolution passed by the shareholders at the extraordinary general meeting held on 23 March 2012, the Company had changed its name from "Noble Jewelry Holdings Limited 億鑽珠寶控股有限公司" to "Zhong Fa Zhan Holdings Limited 中發展控股有限公司" with effect from 23 March 2012.

Change of Stock Short Name and Trading Arrangement

In connection with the change of company name, trading in the shares of the Company under the new English stock short name of "ZHONG FA ZHAN" and new Chinese stock short name "中發展控股" have taken effect from 27 April 2012. The stock code of the Company remains as "475".

Change of Company Website

The website of the Company has been changed from "www.noble.com.hk" to "www.475hk.com", with effect from 21 November 2011.

Major Customers and Suppliers

Analysis of the percentages of purchases and sales from Continuing Operations and Discontinued Operations for the year ended 31 March 2012 and the period ended 21 November 2011 attributable to their major suppliers and customers are set out below:

	Continuing Operations	Discontinued Operations
Purchases		
— the largest supplier	73.0%	16.5%
— five largest suppliers combined	91.6%	30.6%
Sales		
— the largest customer	11.5%	8.0%
— five largest customers combined	55.1%	21.8%

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed Shares during the year ended 31 March 2012.

Employee Retirement Benefit

Particulars of the retirement scheme of the Group are set out in note 14 to the financial statements.

Corporate Governance

A report on the principal corporate governance practice adopted by the Company is set out in pages 17 to 24 of this Annual Report.

Pre-Emptive Rights

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

Sufficiency of Public Float

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

Directors' Interest in Competing Business

As at 31 March 2012, none of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

Auditor

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

On behalf of the Board

Wu Hao
Chairman and Executive Director

Hong Kong, 22 June 2012

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

Corporate Governance Practices

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules. The Company has applied the principles and complied with all the applicable code provisions set out in the Code throughout the year ended 31 March 2012 except for the following deviation.

Under provision E.1.2 of the Code, the chairman of the Board (the "Chairman") should attend the Company's annual general meeting. Owing to another business engagement, Mr. Chan Yuen Hing, the ex-Chairman, was unable to attend the Company's annual general meeting held on 5 August 2011. Mr. Tang Chee Kwong, the ex-chief executive officer of the Company who was present at the annual general meeting, chaired the meeting in accordance with the articles of association of the Company.

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

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all directors of the Company, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2012, except only for the deviation where the spouse of Mr. Chan Yuen Hing, an ex-director, had disposed of 200,000 shares of the Company during the blackout period prior to the publication of the annual results for the year ended 31 March 2011, and such deviation was reported to the Stock Exchange.

Board of Directors

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

All Directors, namely Mr. Wu Hao (Chairman), Mr. Hu Yangjun, Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert, Mr. Li Wei Qi, Jacky, Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha have participated in continuous professional development to develop and refresh their knowledge and skills through suitable trainings. The participation in such trainings is to ensure that their contribution to the board remains informed and relevant.

The Roles of the Chairman and Chief Executive

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

Board Composition

As at the date of this report, the Board comprises eight Directors, including four executive Directors, namely, Mr. Wu Hao (Chairman), Mr. Hu Yangjun, Mr. Hu Yishi and Mr. Chan Wing Yuen, Hubert; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely, Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha. Biographical details of the Directors are set out under the section headed "Directors and Senior Management" on pages 7 to 9 of this Annual Report.

Mr. Chan Wing Yuen, Hubert, chief executive and an executive Director, has entered into a service contract with the Company with a fixed term of one year, which will be renewed automatically if no objection is raised by both parties. The non-executive Director and independent non-executive Directors are appointed for a fixed term of one year and will be renewed automatically if no objection is raised by both parties, with annual remuneration fixed at HK$200,000, which is determined with reference to market conditions and the contributions to be made to the Group.

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

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

Mr. Wu Hao, Chairman and an executive Director, is a cousin of Mr. Hu Yangjun and also a cousin of Mr. Hu Yishi, both being executive Directors. Mr. Hu Yangjun is the cousin of Mr. Hu Yishi. Save as disclosed herein, during the year, none of the other present Directors has or maintained any financial, business, family or other material, relevant relationship with any of the other Directors.

Board Meetings

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

Name	Number of meeting(s) held while being a Director	Number of meeting(s) attended
Executive Directors		
Mr. Wu Hao (appointed on 13 February 2012) *(Chairman)*	0	0
Mr. Hu Yangjun (appointed on 29 November 2011)	1	1
Mr. Hu Yishi (appointed on 29 November 2011)	1	1
Mr. Chan Wing Yuen, Hubert (appointed on 29 November 2011)	1	1
Mr. Chan Yuen Hing (resigned on 20 December 2011)	4	4
Mr. Tang Chee Kwong (resigned on 20 December 2011)	4	4
Ms. Chan Lai Yung (resigned on 20 December 2011)	4	4
Mr. Lai Wang (resigned on 20 December 2011)	4	4
Mr. Setiawan Tan Budi (resigned on 20 December 2011)	4	4
Mr. Tsang Wing Ki (resigned on 20 December 2011)	4	4
Mr. Chan Wing Nang (resigned on 1 April 2011)	0	0
Non-executive Director		
Mr. Li Wei Qi, Jacky (appointed on 29 November 2011)	1	1
Independent non-executive Directors		
Mr. Wu Chi Keung (appointed on 29 November 2011)	1	1
Mr. Heung Chee Hang, Eric (appointed on 29 November 2011)	1	1
Ms. Kwok Pui Ha (appointed on 29 November 2011)	1	1
Mr. Chan Cheong Tat (resigned on 20 December 2011)	4	4
Mr. Tang Chiu Ming Frank (resigned on 20 December 2011)	4	4
Mr. Yu Ming Yang (resigned on 20 December 2011)	4	4

Delegation by the Board

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

Audit Committee

The Audit Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Audit Committee conforms to the code provision requirements of the Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha. Mr. Wu Chi Keung is the chairman of the Audit Committee and Mr. Wu Chi Keung and Ms. Kwok Pui Ha both possess financial management expertise.

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

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

Name	Number of meeting(s) held while being a Director	Number of meeting(s) attended
Mr. Wu Chi Keung (appointed on 29 November 2011)	1	1
Mr. Heung Chee Hang, Eric (appointed on 29 November 2011)	1	1
Ms. Kwok Pui Ha (appointed on 29 November 2011)	1	1
Mr. Chan Cheong Tat (resigned on 20 December 2011)	2	2
Mr. Tang Chiu Ming Frank (resigned on 20 December 2011)	2	2
Mr. Yu Ming Yang (resigned on 20 December 2011)	2	2

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

1. Reviewed with the management and external auditor of the Company the accounting principles and practices adopted by the Group, the audited financial statements for the year ended 31 March 2011, the effectiveness of the system of internal control of the Company and recommended them to the Board for review and approval;

2. Reviewed with the management of the Company the accounting principles and practices adopted by the Group, discussed the unaudited interim financial statements for the six months ended 30 September 2011 and recommended them to the Board for review and approval;

3. Reviewed with the management of the Company the accounting principles and practices adopted by the Group for the year ended 31 March 2012; and

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

Remuneration Committee

The Remuneration Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Remuneration Committee conforms to the code provision requirements of the Code. The Remuneration Committee comprises Mr. Wu Chi Keung, as chairman, Mr. Heung Chee Hang, Eric and Mr. Chan Wing Yuen, Hubert. The Remuneration Committee was set up for the purpose of reviewing and making recommendations to the Board on the remuneration structure for all Directors and senior management of the Group. The annual emoluments payable to Directors were recommended by the Remuneration Committee, with a view to recruit and retain high-calibre personnel that are valuable to the Group, by making reference to the experience, responsibilities and duties as well as the prevailing market conditions. Details of Directors' remuneration for the year ended 31 March 2012 are set out in note 13 to the financial statements.

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

Name	Number of meeting(s) held while being a Director	Number of meeting(s) attended
Mr. Wu Chi Keung (appointed on 29 November 2011)	1	1
Mr. Heung Chee Hang, Eric (appointed on 29 November 2011)	1	1
Mr. Chan Wing Yuen, Hubert (appointed on 29 November 2011)	1	1
Mr. Tang Chee Kwong (resigned on 20 December 2011)	1	1
Mr. Chan Cheong Tat (resigned on 20 December 2011)	1	1
Mr. Yu Ming Yang (resigned on 20 December 2011)	1	1

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

1. Determined the policy for the remuneration of executive Directors;

2. Assessed performance of executive Directors;

3. Approved the terms of executive Directors' service contracts;

4. Made recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

Nomination Committee

The Nomination Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The Nomination Committee comprises Mr. Wu Chi Keung, as chairman, Ms. Kwok Pui Ha and Mr. Chan Wing Yuen, Hubert.

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

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

Name	Number of meeting(s) held while being a Director	Number of meeting(s) attended
Mr. Wu Chi Keung (appointed on 29 November 2011)	1	1
Ms. Kwok Pui Ha (appointed on 29 November 2011)	1	1
Mr. Chan Wing Yuen, Hubert (appointed on 29 November 2011)	1	1
Mr. Tang Chee Kwong (resigned on 20 December 2011)	2	2
Mr. Chan Cheong Tat (resigned on 20 December 2011)	2	2
Mr. Yu Ming Yang (resigned on 20 December 2011)	2	2

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

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

2. Recommended to the Board the appointment of Mr. Wu Hao, Mr. Hu Yangjun, Mr. Hu Yishi and Mr. Chan Wing Yuen, Hubert as executive Directors; Mr. Li Wei Qi, Jacky as non-executive Director; and Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha as independent non-executive Directors based on their experience and the composition of the existing Board.

Internal Control

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

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

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

Communications with Shareholders

The Company has adopted the shareholder communication policy and the procedures for shareholders to propose a person for election as director to ensure that our shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company in order to enable them to exercise their rights in an informed manner and to allow them to engage actively with the Company.

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal office address at Unit 16-A3, 1/F., Block A, Focal Industrial Centre, 21 Man Lok Street, Hung Hom, Kowloon, Hong Kong.

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Directors' and Auditor's Acknowledgement

Directors acknowledge their responsibilities for the preparation of financial statements for the year under review, which give a true and fair view of the state of affairs of the Group at the end of the year under review and of the results and cash flow for that year. The statement issued by the auditor of the Company regarding its reporting responsibilities was set out in detail in the Independent Auditor's Report on pages 25 to 26 of this Annual Report.

Management Function

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

Auditor's Remuneration

Analysis of remuneration in respect of audit and non-audit service provided by the external auditor, BDO Limited for the year ended 31 March 2012 is as follows:

Nature of services	**Amount** HK$'000
Audit services	1,547
Non-audit services *(Note)*	1,185
	2,732

Note: The non-audit services mainly consist of professional fees in relation to the Group Reorganisation and other accounting matters.

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TO THE SHAREHOLDERS OF
ZHONG FA ZHAN HOLDINGS LIMITED
(formerly known as NOBLE JEWELRY HOLDINGS LIMITED)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Zhong Fa Zhan Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 27 to 91, which comprise the consolidated and company statements of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 March 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Ng Wai Man
Practising Certificate Number P05309

Hong Kong, 22 June 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000 (re-presented)
Continuing operations			
Turnover	6	74,358	46,001
Cost of sales		(62,394)	(40,298)
Gross profit		11,964	5,703
Other revenue	6	542	2,180
Distribution costs		(9,092)	(5,932)
Administrative expenses		(7,483)	(1,895)
Expenses in relation to group reorganisation		(5,000)	—
Other gains and losses	7	1,633	(5)
Finance costs	10	(8)	(42)
(Loss)/profit before income tax	8	(7,444)	9
Income tax expense	11	—	—
(Loss)/profit for the year from continuing operations		(7,444)	9
Discontinued operations			
Profit for the period/year from discontinued operations	9	15,950	5,764
Profit for the year		8,506	5,773
Other comprehensive income			
Surplus on revaluation of leasehold land and buildings		—	6,837
Release of deferred tax liability upon disposal of leasehold land and building		1,574	—
Recognition of income tax arising from the revaluation of leasehold land and building upon disposal		(1,574)	—
Exchange differences on translating foreign operations		4,662	2,597
Other comprehensive income for the year, net of tax		4,662	9,434
Total comprehensive income for the year		13,168	15,207
Profit attributable to:			
— Owners of the Company		10,119	7,613
— Non-controlling interests		(1,613)	(1,840)
		8,506	5,773
Total comprehensive income attributable to:			
— Owners of the Company		14,781	17,047
— Non-controlling interests		(1,613)	(1,840)
		13,168	15,207
Earnings/(loss) per share			
Basic and diluted (HK cents)	17		
— From continuing and discontinued operations		3.71	2.80
— From continuing operations		(2.73)	—
— From discontinued operations		6.44	2.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	18	13,509	93,636
Associates	20	—	75,167
Other assets	21	—	2,161
		13,509	170,964
Current assets			
Inventories	22	26,037	359,810
Accounts receivable	23	13,765	132,988
Other receivables, deposits and prepayments		6,813	15,810
Amounts due from related parties	34(c)	—	15,866
Cash at banks and in hand	25	10,538	14,303
		57,153	538,777
Current liabilities			
Borrowings	26	—	258,064
Accounts payable	27	14,082	112,794
Other payables and accrued charges		4,382	58,724
Amount due to a related party	34(c)	—	389
Derivative financial instruments	28	—	31
Tax payables		—	3,396
		18,464	433,398
Net current assets		38,689	105,379
Total assets less current liabilities		52,198	276,343
Non-current liabilities			
Deferred tax liabilities	29	303	1,017
NET ASSETS		51,895	275,326
Equity			
Share capital	30	2,736	2,717
Reserves	32	49,159	272,609
TOTAL EQUITY		51,895	275,326

These financial statements were approved and authorised for issue by the board of directors on 22 June 2012.

Wu Hao
Director

Chan Wing Yuen, Hubert
Director

STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Interests in subsidiaries	19	16,205	230,789
Current assets			
Other receivable	24	62,427	—
Cash at banks and in hand		128	130
		62,555	130
Current liabilities			
Amount due to a subsidiary		1	—
Other payables and accrued charges	24	28,980	238
		28,981	238
Net current assets/(liabilities)		33,574	(108)
NET ASSETS		49,779	230,681
Equity			
Share capital	30	2,736	2,717
Reserves	32	47,043	227,964
TOTAL EQUITY		49,779	230,681

These financial statements were approved and authorised for issue by the board of directors on 22 June 2012.

Wu Hao
Director

Chan Wing Yuen, Hubert
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Attributable to owners of the Company									
	Share capital	**Share premium**	**Merger reserve**	**Capital reserve**	**Revaluation reserve**	**Exchange reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2010	2,717	79,836	1,593	1,445	—	8,437	164,251	258,279	811	259,090
Profit or loss	—	—	—	—	—	—	7,613	7,613	(1,840)	5,773
Other comprehensive income	—	—	—	—	6,837	2,597	—	9,434	—	9,434
Total comprehensive income for the year	—	—	—	—	6,837	2,597	7,613	17,047	(1,840)	15,207
Capital contribution from a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	1,029	1,029
At 31 March 2011	2,717	79,836	1,593	1,445	6,837	11,034	171,864	275,326	—	275,326
Profit or loss	—	—	—	—	—	—	10,119	10,119	(1,613)	8,506
Other comprehensive income	—	—	—	—	—	4,662	—	4,662	—	4,662
Total comprehensive income for the year	—	—	—	—	—	4,662	10,119	14,781	(1,613)	13,168
Exercise of share options	19	2,407	—	—	—	—	—	2,426	—	2,426
Waiver of loan from a non-controlling shareholder of a subsidiary	—	—	—	2,360	—	—	—	2,360	—	2,360
Distribution in specie *(note 9)*	—	(50,000)	(1,593)	(3,805)	(1,323)	(8,105)	(178,172)	(242,998)	1,613	(241,385)
Transfer between reserves upon disposal of properties	—	—	—	—	(4,636)	—	4,636	—	—	—
At 31 March 2012	2,736	32,243	—	—	878	7,591	8,447	51,895	—	51,895

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Cash flows from operating activities		
(Loss)/profit before income tax from continuing operations	**(7,444)**	9
Profit before income tax from discontinued operations	**17,691**	10,169
Profit before income tax	**10,247**	10,178
Adjustments for:		
Share of profits of associates, net	**(4,323)**	(4,018)
Depreciation of property, plant and equipment	**7,074**	10,422
Provision for bad and doubtful debts, net	**4,932**	1,195
Bad debts written off	**1,314**	1,999
Write-down of inventories	**256**	318
Gain on disposal of property, plant and equipment	**(4,839)**	—
Fair value gain on the insurance contract	**(130)**	—
Write-off of amount due from a related party	**990**	—
Net fair value losses of forward foreign currency contracts and interest rate swap contract that do not qualifying as hedges	**608**	31
Impairment loss on goodwill in an associate	**233**	—
Bank interest income	**(75)**	(449)
Interest expenses	**4,100**	4,878
Operating cash flows before working capital	**20,387**	24,554
Decrease/(increase) in inventories	**18,960**	(96,763)
Increase in accounts receivable	**(39,204)**	(32,499)
(Increase)/decrease in other receivables, deposits and prepayments	**(11,096)**	12,993
(Increase)/decrease in amounts due from related parties	**(11,605)**	4,881
(Decrease)/increase in accounts payable	**(9,477)**	444
Increase in other payables and accrued charges	**21,258**	13,088
Decrease in amount due to a related party	**—**	(677)
Effect of change in foreign exchange rate	**1,182**	2,795
Cash used in operations	**(9,595)**	(71,184)
Income tax paid	**(654)**	(2,381)
Interest element of finance lease payments	**—**	(1)
Interest paid	**(4,100)**	(4,877)
Net cash used in operating activities	**(14,349)**	(78,443)

	2012 HK$'000	2011 HK$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**32,981**	106
Payments to acquire property, plant and equipment	**(2,555)**	(41,855)
Dividend received from an associate	**2,465**	—
Interest received	**75**	449
Loan to a related party	**(2,104)**	—
Acquisition of associates	**(4,067)**	(8,619)
Net cash generated from/(used in) investing activities	**26,795**	(49,919)
Cash flows from financing activities		
Loans from related parties	**43,935**	—
Proceeds from exercise of share options	**2,426**	—
Capital contribution from a non-controlling shareholder of a subsidiary	**—**	1,029
Distribution in specie *(note 9)*	**(21,268)**	—
(Decrease)/increase in trust receipts and other loans	**(38,368)**	69,647
Repayment of finance lease obligations	**—**	(40)
New bank loans raised	**37,050**	49,506
Repayment of bank loans	**(35,044)**	(10,191)
Net cash (used in)/generated from financing activities	**(11,269)**	109,951
Net increase/(decrease) in cash and cash equivalents	**1,177**	(18,411)
Effect of change in foreign exchange rate	**—**	320
Cash and cash equivalents at beginning of year	**9,361**	27,452
Cash and cash equivalents at end of year	**10,538**	9,361
Analysis of the balances of cash and cash equivalents		
Cash at banks and in hand	**10,538**	14,303
Less: Bank overdrafts	**—**	(4,942)
	10,538	9,361

1. General

Zhong Fa Zhan Holdings Limited (formerly known as Noble Jewelry Holdings Limited) (the "Company") was incorporated and registered as an exempted company with limited liability on 25 August 2006 under the Companies Law of the Cayman Islands and acts as an investment company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report. The principal activities of its subsidiaries are set out in note 19.

As at 31 March 2012, the directors of the Company consider the ultimate holding company of the Company to be Resources Rich Capital Limited ("RRCL"), which was incorporated in the British Virgin Islands.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 April 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HK(IFRIC) — Interpretation 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

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

HKFRS 3 (Amendments) — Business Combinations

As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's financial statements.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

(a) Adoption of new/revised HKFRSs — effective 1 April 2011 (Continued)

HKAS 24 (Revised) — Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and no material impact has been noted for comparative period's disclosure. The adoption of HKAS 24 (Revised) has no impact on the Group's reported profit or loss, total comprehensive income or equity for comparative period presented.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

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

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

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income[2]
Amendments to HKAS 32	Presentation — Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
HKAS 19 (2011)	Employee Benefits[3]
HKAS 27 (2011)	Separate Financial Statements[3]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[3]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2015

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

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

Amendments to HKFRS 7 — Disclosures — Transfers of Financial Assets

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

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 — Financial Instruments

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains and losses will be recognized in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognize the gains and losses in other comprehensive income. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option. For these fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the fair value option are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues apply. The Group expects to adopt HKFRS 9 from 1 April 2015.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

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

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implantation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 11 — Joint Arrangements

HKFRS 11 replaces HKAS 31 *Interest in Joint Ventures* and HK(SIC) — *Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method and a joint operation which changes from equity method to accounting for assets and liabilities.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

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

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors of the Company are not yet in a position to quantify the effects on the Group's financial statements.

3. Basis of Preparation

(a) Statement of compliance

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

(b) Group reorganisation and discontinued operations

The Group Reorganisation (defined in note 9) results in certain businesses of the Group constituting discontinued operations under HKFRS 5 *Non-current Assets held for Sale and Discontinued Operations*. Accordingly, certain comparative figures were re-presented so as to reflect the results for the continuing operations and discontinued operations. Details about the Group Reorganisation and the discontinued operations are included in note 9.

(c) Basis of measurement

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

(d) Functional and presentation currency

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

4. Significant Accounting Policies

(a) Business combination and basis of consolidation

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

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

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

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

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

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

4. Significant Accounting Policies (Continued)

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

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

(b) Subsidiaries

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

Investments in subsidiaries are included in the Company's statement of financial position at cost less any impairment loss, unless they are classified as held for sales/held for distribution to owners in accordance with HKFRS 5 Non-current Assets Held for Sales and Discontinued Operations. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test, by comparing the carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

(d) Property, plant and equipment

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

4. Significant Accounting Policies (Continued)

(d) Property, plant and equipment (Continued)

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

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

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

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

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The depreciation rates are as follows:

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

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount (note 4(e)).

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. Significant Accounting Policies (Continued)

(e) Impairment of assets

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(g) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

4. Significant Accounting Policies (Continued)

(g) Financial instruments (Continued)

(i) Financial assets (Continued)

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

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 financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

4. Significant Accounting Policies (Continued)

(g) Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

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

(v) Equity instruments

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

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(h) Derivative financial instruments

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

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

4. Significant Accounting Policies (Continued)

(h) Derivative financial instruments (Continued)

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

(i) Leases

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

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

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

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

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

(j) Provisions and contingent liabilities

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

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

4. Significant Accounting Policies (Continued)

(k) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

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

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

(l) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. Significant Accounting Policies (Continued)

(l) Foreign currencies (Continued)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange fluctuation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange fluctuation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange fluctuation reserve.

(m) Employees' benefits

(i) Short term benefits

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

(ii) Pension obligations

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

4. Significant Accounting Policies (Continued)

(n) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. When the entity cannot estimate reliably the fair value of goods or services received, they are indirectly measured by reference to the fair value of the equity instruments granted. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

(o) Borrowing costs

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

(p) Related parties

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

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

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

4. Significant Accounting Policies (Continued)

(p) Related parties (Continued)

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

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a); and

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(q) Revenue recognition

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

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

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

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

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

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

(a) Useful lives of property, plant and equipment

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

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

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

(c) Impairment of accounts and other receivables

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

(d) Sales return provision

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

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(e) Assessment of impairment of assets

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

6. Turnover, Other Revenue and Segment Information

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

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover						
Sales	**74,358**	46,001	**413,243**	597,398	**487,601**	643,399
Other revenue						
Sundry income	**491**	2,180	**1,928**	2,983	**2,419**	5,163
Income from wedding etiquette services	**—**	—	**1,812**	1,929	**1,812**	1,929
Bank interest income	**51**	—	**24**	449	**75**	449
Management fee income	**—**	—	**131**	400	**131**	400
	542	2,180	**3,895**	5,761	**4,437**	7,941
Total revenue	**74,900**	48,181	**417,138**	603,159	**492,038**	651,340

(b) Reportable segments

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

6. Turnover, Other Revenue and Segment Information (Continued)

(b) Reportable segments (Continued)

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

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Wholesale business						
— In The People's Republic of China, other than Hong Kong ("PRC")	**74,358**	46,001	**—**	—	**74,358**	46,001
— Other than PRC	**—**	—	**377,375**	539,817	**377,375**	539,817
Retail and brand business	**—**	—	**22,725**	29,238	**22,725**	29,238
Sales network collaboration	**—**	—	**13,143**	28,343	**13,143**	28,343
Total	**74,358**	46,001	**413,243**	597,398	**487,601**	643,399

(c) Geographical information

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

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
i) Turnover						
— PRC	**74,358**	46,001	**15,893**	17,474	**90,251**	63,475
— The Middle East	**—**	—	**105,823**	164,991	**105,823**	164,991
— United States of America ("US")	**—**	—	**71,801**	94,568	**71,801**	94,568
— United Kingdom ("UK")	**—**	—	**55,353**	72,922	**55,353**	72,922
— Indonesia	**—**	—	**50,564**	64,733	**50,564**	64,733
— Japan	**—**	—	**18,521**	29,173	**18,521**	29,173
— Africa	**—**	—	**16,089**	16,167	**16,089**	16,167
— Hong Kong	**—**	—	**1,032**	17,153	**1,032**	17,153
— Europe, other than UK	**—**	—	**57,216**	92,226	**57,216**	92,226
— America, other than US	**—**	—	**15,150**	17,127	**15,150**	17,127
— Others	**—**	—	**5,801**	10,864	**5,801**	10,864
Total	**74,358**	46,001	**413,243**	597,398	**487,601**	643,399

6. Turnover, Other Revenue and Segment Information (Continued)

(c) Geographical information (Continued)

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ii) Additions to property, plant and equipment						
— Hong Kong	**14**	—	**650**	29,523	**664**	29,523
— PRC	**28**	1,471	**1,765**	10,710	**1,793**	12,181
— US	**—**	—	**98**	151	**98**	151
Total	**42**	1,471	**2,513**	40,384	**2,555**	41,855

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
iii) Segment assets						
— Hong Kong	**6,261**	160	**—**	443,499	**6,261**	443,659
— PRC	**64,401**	36,614	**—**	129,025	**64,401**	165,639
— US	**—**	—	**—**	65,434	**—**	65,434
— Europe	**—**	—	**—**	30,241	**—**	30,241
— Japan	**—**	—	**—**	4,694	**—**	4,694
— The Middle East	**—**	—	**—**	74	**—**	74
Total	**70,662**	36,774	**—**	672,967	**70,662**	709,741

6. Turnover, Other Revenue and Segment Information (Continued)

(c) Geographical information (Continued)

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
iv) Non-current assets						
— Hong Kong	**13**	—	**—**	33,992	**13**	33,992
— PRC	**13,496**	15,190	**—**	111,395	**13,496**	126,585
— US	**—**	—	**—**	557	**—**	557
— Europe	**—**	—	**—**	6,436	**—**	6,436
— Japan	**—**	—	**—**	3,377	**—**	3,377
— The Middle East	**—**	—	**—**	17	**—**	17
Total	**13,509**	15,190	**—**	155,774	**13,509**	170,964

The revenue information above is based on the location of the customers.

The non-current assets information above is based on the location of assets.

(d) Information about major customers

During the year, two customers individually contributed to more than 10% of the Group's total revenue of the continuing operations (2011: two) from whom the aggregate revenue is approximately HK$16,652,000 (2011: HK$17,658,000).

In 2011 and 2012, none of the customers had entered into transactions exceeding 10% of the Group's revenue of the discontinued operations.

7. Other Gains and Losses

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Fair value losses on derivative financial instruments:						
— Forward foreign currency contracts and interest rate swap contract that do not qualify as hedges	**—**	—	**(608)**	(31)	**(608)**	(31)
— Loss on settlement of forward foreign currency contracts upon maturity	**—**	—	**—**	(1,781)	**—**	(1,781)
Net losses on derivatives	**—**	—	**(608)**	(1,812)	**(608)**	(1,812)
(Loss)/gain on disposal of property, plant and equipment	**(925)**	—	**5,764**	—	**4,839**	—
Write-off of amount due from a related party	**990**	—	**—**	—	**990**	—
Exchange gains/(losses), net	**1,568**	(5)	**(2,464)**	2,054	**(896)**	2,049
Impairment loss on goodwill in an associate	**—**	—	**(233)**	—	**(233)**	—
Fair value gain on the insurance contract	**—**	—	**130**	—	**130**	—
Others	**—**	—	**38**	102	**38**	102
Total	**1,633**	(5)	**2,627**	344	**4,260**	339

8. (Loss)/Profit Before Income Tax

(Loss)/profit before income tax is stated after charging the following:

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Cost of inventories expensed *(note 22)*	**62,394**	40,298	**288,872**	451,375	**351,266**	491,673
Depreciation of property, plant and equipment	**1,311**	1,712	**5,763**	8,710	**7,074**	10,422
Staff costs (including directors' remuneration) *(note 12)*	**8,010**	4,646	**61,033**	89,548	**69,043**	94,194
Auditor's remuneration	**980**	—	**1,188**	1,374	**2,168**	1,374
Provision for bad and doubtful debts, net *(note 23(d))*	**—**	—	**4,932**	1,195	**4,932**	1,195
Bad debts written off	**—**	—	**1,314**	1,999	**1,314**	1,999

9. Group Reorganisation and Discontinued Operations

On 7 September 2011, certain shareholders of the Company and RRCL, as purchaser, entered into an agreement in respect of the acquisition of 72.56% of the then entire issued share capital of the Company (the "Share Sale Agreement"). The Share Sale Agreement is conditional upon, among other things, the completion of the reorganisation of the Group (the "Group Reorganisation"). Following the approval by the shareholders of the Company in an extraordinary general meeting on 20 October 2011, the following transactions (the "Transactions") were completed on 21 November 2011 (the "Date of Distribution"):

(i) As part of the Group Reorganisation, a wholly-owned subsidiary of the Company, Noble Jewelry Investment Limited (the "Privateco"), acquired certain subsidiaries of the Company by issuing shares to the Company. All the shares of the Privateco then held by the Company were distributed in specie (the "Distribution in Specie") to the shareholders of the Company on the basis of one share of the Privateco for one share of the Company held. The Privateco and its subsidiaries (the "Privateco Group") continue to carry on the whole fine jewelry design, manufacture and trading businesses (the "Distributed Business") other than jewelry manufacture and trading business in the PRC (the "Retained Business"), for which would be retained by the Group. The Group also terminated the PRC retail business (the "Ceased Business") in the Retained Business in accordance with the Share Sale Agreement.

(ii) To facilitate the distribution in specie as mentioned in (i) above, the share capital of the Privateco was increased to 273,610,000 shares equivalent to the total issued shares of the Company.

The Company continues to be a publicly listed company with its subsidiaries concentrating on the jewelry manufacturing and wholesales business in the PRC.

Subsequent to the Transactions on the Date of Distribution, the Privateco Group has no longer formed part of the Group and RRCL has become a holding company of the Company.

9. Group Reorganisation and Discontinued Operations (Continued)

The Distributed Businesses and the Ceased Business were classified as discontinued operations and the related results for the period from 1 April 2011 to 21 November 2011 (the Date of Distribution) and the year ended 31 March 2011 are set out below:

	Notes	**Period ended 21 November 2011 HK$'000**	Year ended 31 March 2011 HK$'000
Turnover	6	**413,243**	597,398
Cost of sales		**(288,872)**	(451,375)
Gross profit		**124,371**	146,023
Other revenue	6	**3,895**	5,761
Distribution costs		**(25,040)**	(37,655)
Administrative expenses		**(70,982)**	(91,411)
Settlement of the dispute with the US Customs Service *(Note)*		**(16,187)**	(10,480)
Other gains and losses	7	**2,627**	344
Finance costs	10	**(5,316)**	(6,431)
Share of profits of associates, net		**4,323**	4,018
Profit before income tax	8	**17,691**	10,169
Income tax expense	11	**(1,741)**	(4,405)
Profit for the period/year from discontinued operations		**15,950**	5,764

Note:

In year 2010, the US Customs Service (the "US Government") initiated an investigation on the payment of custom duty for shipments to the US on certain group companies. It mainly related to a dispute over the custom duty for goods imported to the Group's wholly-owned subsidiary in the US from other group companies in prior years. Based on the information in respect of those goods imported to the US subsidiary in prior years and after taking professional advice from the Group's US legal adviser, the Group made a provision of HK$13,650,000 for the custom duty under-provided and related damages and penalties as at 31 March 2011. After continuous negotiation with the US Government, a final settlement of US$3,850,000 (equivalent to HK$29,837,000) for such dispute including related damages and penalties was reached on 29 August 2011. Accordingly, the Group made an additional provision of HK$16,187,000 for this dispute. Up to 21 November 2011, US$500,000 (equivalent to HK$3,875,000) has been paid in accordance with the terms of the settlement.

9. Group Reorganisation and Discontinued Operations (Continued)

The Company distributed the equity interest in the Privateco to its shareholders and the net assets of the Privateco Group as at 21 November 2011 (the Date of Distribution) were set out below:

	Notes	As at 21 November 2011 HK$'000
Property, plant and equipment	*18*	49,156
Associates		82,686
Other assets		2,291
Deferred tax assets	*29*	1,478
Inventories		314,557
Accounts receivable		152,180
Other receivables, deposits and prepayments		20,093
Amounts due from related parties		28,585
Cash at banks and in hand		21,268
Borrowings		(216,760)
Accounts payable		(89,235)
Other payables and accrued charges		(75,600)
Amounts due to related parties		(41,964)
Derivative financial instruments		(639)
Tax payables		(6,711)
Net assets distributed		241,385
Add: net liabilities attributable to non-controlling interests		1,613
Distribution in specie to the owners of the Company		242,998

Analysis of the net cash flows from the Distributed Business for the period from 1 April 2011 to 21 November 2011 (the Date of Distribution) and the year ended 31 March 2011 are set out below:

	Period ended 21 November 2011 HK$'000	Year ended 31 March 2011 HK$'000
Operating activities	**(31,093)**	(68,619)
Investing activities	**26,780**	(47,517)
Financing activities	**19,697**	95,554
Net cash inflow/(outflow)	**15,384**	(20,582)

10. Finance Costs

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest on borrowings						
— Wholly repayable within five years	**—**	34	**4,100**	4,796	**4,100**	4,830
— Not wholly repayable within five years	**—**	—	**—**	47	**—**	47
	—	34	**4,100**	4,843	**4,100**	4,877
Finance lease charges	**—**	—	**—**	1	**—**	1
Bank charges	**8**	8	**1,216**	1,587	**1,224**	1,595
Total	**8**	42	**5,316**	6,431	**5,324**	6,473

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

11. Income Tax Expense

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

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current tax — Hong Kong profits tax						
— provision for the year	**—**	—	**4,789**	5,333	**4,789**	5,333
— over provision in respect of prior years			**(820)**	(939)	**(820)**	(939)
Current tax — overseas						
— provision for the year	**—**	—	**(1,574)**	62	**(1,574)**	62
— over provision in respect of prior years	**—**	—	**—**	(10)	**—**	(10)
	—	—	**2,395**	4,446	**2,395**	4,446
Deferred tax						
Attributable to the origination and reversal of temporary differences	**—**	—	**(654)**	(41)	**(654)**	(41)
	—	—	**1,741**	4,405	**1,741**	4,405

11. Income Tax Expense (Continued)

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

(i) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the year.

(ii) PRC enterprise income tax

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

廣州市億鑽珠寶有限公司, 廣州芝柏婚慶禮儀服務有限公司 and 上海億炫珠寶有限公司, all of which were distributed in specie on 21 November 2011, were wholly foreign-owned enterprises operated in the PRC with applicable tax rate of 25%.

廣州穗富珠寶有限公司, which was distributed in specie on 21 November 2011, was a company with limited liability operated and established in PRC with applicable tax rate of 25%.

(iii) Overseas income tax

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

(iv) Tax effect of share of profits of associates

The share of tax charge attributable to associates, amounted to HK$1,831,000 (2011: HK$2,074,000) and is included in "Share of profits of associates, net" on the results of the Discontinued Operations as disclosed in note 9.

11. Income Tax Expense (Continued)

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

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
(Loss)/profit before income tax	**(7,444)**	9	**17,691**	10,169	**10,247**	10,178
Calculated at tax rate of 16.5% (2011:16.5%)	**(1,228)**	1	**2,919**	1,678	**1,691**	1,679
Tax effect on offshore income and expenditures not subject to Hong Kong profits tax	**—**	—	**(4,111)**	(4,431)	**(4,111)**	(4,431)
Tax effect of expenses not deductible for taxation purposes	**1,878**	—	**3,769**	1,698	**5,647**	1,698
Tax effect of non-taxable items	**(163)**	—	**(576)**	(124)	**(739)**	(124)
Tax effect of share of profit of associates	**—**	—	**(713)**	(663)	**(713)**	(663)
Tax effect on deductible temporary differences and unused tax losses not recognised	**1,550**	50	**5,218**	7,886	**6,768**	7,936
Effect of different tax rates of subsidiaries operating in other jurisdictions	**57**	(13)	**(935)**	(813)	**(878)**	(826)
Over provision in prior years	**—**	—	**(820)**	(949)	**(820)**	(949)
Others	**(2,094)**	(38)	**(3,010)**	123	**(5,104)**	85
Income tax expense	**—**	—	**1,741**	4,405	**1,741**	4,405

12. Staff Costs

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Staff costs (including directors) comprise:						
Wages and salaries	**7,684**	4,410	**57,491**	85,520	**65,175**	89,930
Pension contributions *(note 14)*	**16**	—	**235**	123	**251**	123
Social security costs *(note 14)*	**310**	236	**3,307**	3,905	**3,617**	4,141
Total	**8,010**	4,646	**61,033**	89,548	**69,043**	94,194

13. Emoluments of Directors and Highest Paid Individuals

(a) Directors' emoluments

Year ended 31 March 2012

	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Bonus* HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors					
Wu Hao (Chairman) (i)	27	—	—	—	27
Hu Yangjun (ii)	68	—	—	—	68
Hu Yishi (ii)	68	—	—	—	68
Chan Wing Yuen, Hubert (ii)	68	610	—	5	683
Chan Yuen Hing (iii)	—	5,976	—	8	5,984
Tang Chee Kwong(iii)	—	1,720	187	9	1,916
Chan Wing Nang (iv)	—	—	—	—	—
Tsang Wing Ki (iii)	—	539	93	9	641
Lai Wang (iii)	—	130	—	—	130
Chan Lai Yung (iii)	—	259	49	9	317
Setiawan Tan Budi (iii)	—	432	71	9	512
Sub-total	231	9,666	400	49	10,346
Non-executive directors					
Li Wei Qi, Jacky (ii)	68	—	—	—	68
Independent non-executive directors					
Wu Chi Keung (ii)	68	—	—	—	68
Heung Chee Hang, Eric (ii)	68	—	—	—	68
Kwok Pui Ha (ii)	68	—	—	—	68
Chan Cheong Tat (iii)	112	—	—	—	112
Yu Ming Yang (iii)	75	—	—	—	75
Tang Chiu Ming Frank (iii)	75	—	—	—	75
Sub-total	466	—	—	—	466
Total	765	9,666	400	49	10,880

13. Emoluments of Directors and Highest Paid Individuals (Continued)

(a) Directors' emoluments (Continued)

Year ended 31 March 2011

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

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

(i) Appointed on 13 February 2012

(ii) Appointed on 29 November 2011

(iii) Resigned on 20 December 2011

(iv) Resigned on 1 April 2011

(v) Appointed on 1 January 2010

(vi) Appointed on 1 January 2011

There were no arrangements under which any director waived or agreed to waive any emoluments in respect of each of the years ended 31 March 2012 and 2011.

13. Emoluments of Directors and Highest Paid Individuals (Continued)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, four (2011: four) were directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments of the remaining individual (2011: one) were as follows:

	2012	2011
	HK$'000	HK$'000
Wages and salaries	**1,019**	1,470
Pension contributions	**8**	12
	1,027	1,482

The emolument was within the following bands:

	2012	2011
	No. of employees	No. of employees
Nil — HK$1,000,000	**—**	—
HK$1,000,001 — HK$1,500,000	**1**	1
HK$1,500,001 — HK$2,000,000	**—**	—
	1	1

(c) No emoluments were paid or payable to any director or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2012 and 2011.

14. Employee Retirement Benefit

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

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

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

The Privateco Group's subsidiaries in the US principally participated in a mandatory retirement system under which the subsidiaries contributed to the system a certain percentage of the salaries of its employees. The Group has no further obligations other than making the required contributions.

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

15. Profit Attributable to Owners of The Company

The consolidated profit attributable to owners of the Company includes a loss of HK$7,668,000 (2011: HK$553,000) which has been dealt with in the financial statements of the Company.

16. Dividends

During the year, the Company distributed the net assets of the Privateco Group amounting to HK$242,998,000 attributable to the owners of the Company in the form of a distribution in specie. Details are set out in note 9. The directors do not recommend any final dividends during the year (2011: Nil).

17. Earnings/(Loss) Per Share

The calculations of basic earnings/(loss) per share from continuing and discontinued operations are based on the following data:

	2012 HK$'000	2011 HK$'000
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic earnings per share calculation		
From continuing operations	(7,444)	9
From discontinued operations	17,563	7,604
	10,119	7,613
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	272,702	271,700

The basic and diluted earnings per share for the respective years are equal because the exercise price of the Company's share options was higher than the average market price for shares for both 2012 and 2011.

18. Property, Plant and Equipment

The Group	Leasehold land and buildings HK$'000	Furniture, fixtures and machinery HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:					
At 1 April 2010	32,574	51,128	19,959	3,161	106,822
Additions	25,985	5,823	9,878	169	41,855
Revaluation surplus	4,649	—	—	—	4,649
Disposals	—	(130)	—	—	(130)
Exchange adjustments	1,363	495	720	79	2,657
At 31 March 2011	64,571	57,316	30,557	3,409	155,853
Additions	—	1,567	985	3	2,555
Disposals	(23,596)	(11,941)	(3,043)	(180)	(38,760)
Exchange adjustments	1,052	384	554	55	2,045
Distribution in Specie *(note 9)*	(29,362)	(44,417)	(27,105)	(3,287)	(104,171)
At 31 March 2012	12,665	2,909	1,948	—	17,522
Accumulated depreciation:					
At 1 April 2010	2,708	42,110	8,756	2,008	55,582
Charge for the year	1,648	3,775	4,397	602	10,422
Written back on disposal	—	(24)	—	—	(24)
Eliminated on revaluation	(4,287)	—	—	—	(4,287)
Exchange adjustments	148	182	150	44	524
At 31 March 2011	217	46,043	13,303	2,654	62,217
Charge for the year	1,334	1,944	3,551	245	7,074
Written back on disposal	(496)	(7,770)	(2,293)	(59)	(10,618)
Exchange adjustments	5	151	166	33	355
Distribution in Specie *(note 9)*	(706)	(38,234)	(13,202)	(2,873)	(55,015)
At 31 March 2012	354	2,134	1,525	—	4,013
Net carrying amount:					
At 31 March 2012	12,311	775	423	—	13,509
At 31 March 2011	64,354	11,273	17,254	755	93,636

18. Property, Plant and Equipment (Continued)

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

	Leasehold land and buildings HK$'000	Furniture, fixtures and machinery HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Basis of book value as at 31 March 2012:					
At valuation	**12,665**	**—**	**—**	**—**	**12,665**
At cost	**—**	**2,909**	**1,948**	**—**	**4,857**
	12,665	**2,909**	**1,948**	**—**	**17,522**
Basis of book value as at 31 March 2011:					
At valuation	38,586	—	—	—	38,586
At cost	25,985	57,316	30,557	3,409	117,267
	64,571	57,316	30,557	3,409	155,853

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

(c) Revaluation of the leasehold land and buildings of the Group were carried out as at 31 March 2011 by Avista Valuation Advisory Limited, Chartered Surveyors on a market value basis. At 31 March 2012, in opinion of the directors, no further revaluation is required because the fair value of the leasehold land and buildings did not differ materially from its carrying amount.

Had these leasehold land and buildings been carried at cost less accumulated depreciation, their carrying amounts would have been HK$10,998,000 (2011: HK$25,996,000).

(d) At 31 March 2011, the Group's leasehold land and buildings with carrying amounts of HK$38,005,000 were pledged to secure bank facilities (note 26).

19. Interests in Subsidiaries

	The Company 2012 HK$'000	2011 HK$'000
Unlisted shares, at cost	**1**	148,516
Amounts due from subsidiaries, net	**16,204**	82,273
	16,205	230,789

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

The equity interests in certain subsidiaries which form part of the Distributed Businesses (note b) were distributed on 21 November 2011 as mentioned in note 9. Details of the Company's principal subsidiaries as at 31 March 2012 are set out in (note a):

(a) Details of the principal subsidiaries as at 31 March 2012 are as follows:

Name	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Directly	indirectly	Principal activities
First Corporate International Limited	British Virgin Islands 12 July 2011	#	US$1	100%	—	Investment holding
Nation Power Group Limited	British Virgin Islands 1 February 2012	#	US$100	100%	—	Investment holding
Sinoble Jewelry Limited	Hong Kong 5 July 2006	Hong Kong	HK$1	—	100%	Investment holding and acting as purchase agent
廣州市億恒珠寶有限公司* (translated as Guangzhou Sinoble Jewelry Limited PRC)	PRC 17 October 2006	PRC	HK$64,500,000	—	100%	Design, manufacture and wholesales of jewelry

19. Interests in Subsidiaries (Continued)

(b) Details of the principal subsidiaries which form part of Distributed Businesses immediately before the distribution are as follows:

Name	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
				Directly	indirectly	
Noble Jewelry Investment Limited	Bermuda 16 September 2011	#	HK$2,736,100	100%	—	Investment holding
Noble Jewelry (BVI) Limited	British Virgin Islands 2 June 2006	#	US$20,001	—	100%	Investment holding
Noble Jewelry Limited	Hong Kong 9 June 1992	Hong Kong	HK$1,000,000	—	100%	Design, manufacture and trading of jewelry
廣州市億鑽珠寶有限公司* (translated as Guangzhou Noble Jewelry Limited)	PRC 12 April 2004	PRC	HK$41,800,000	—	100%	Processing of jewelry
NJUK Limited	United Kingdom 23 January 2001	United Kingdom	£1	—	100%	Trading of jewelry
Topwin Trading Limited	Hong Kong 15 April 2005	Hong Kong	HK$2	—	100%	Trading of jewelry
Chad Allison Corporation	The State of Delaware, the US 24 March 2006	US	US$2,000	—	100%	Design and trading of jewelry
Noble Jewelry Limited	The State of New York, the US 20 September 2005	US	US$100,000	—	100%	Trading of jewelry
Farwin Limited	Hong Kong 22 June 2001	India	HK$10,000	—	100%	Acting as purchase agent
上海億炫珠寶有限公司* (translated as Shanghai Noble Concepts Jewelry Limited)	PRC 4 December 2008	PRC	RMB13,000,000	—	100%	Design and trading of jewelry
N.A. Marketing Limited	The State of Texas, the US 6 May 2009	US	US$3,500	—	92.5%	Trading of jewelry

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

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

\# The subsidiaries of the Company are/were investment holding only and do not/did not have any operations.

20. Associates

	The Company	
	2012	2011
	HK$'000	HK$'000
Share of net assets of associates	—	41,960
Goodwill on acquisition	—	33,207
	—	75,167

All associates which form part of the Distributed Businesses were distributed on 21 November 2011 as mentioned in note 9. Particulars of the principal associates, all of which are unlisted corporate entities immediately before the distribution are as follows:

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

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

20. Associates (Continued)

The following illustrates the summarised financial information of the Group's associates for the period from 1 April 2011 to 21 November 2011 (the Date of Distribution) extracted from their management accounts which have been adjusted to ensure consistency in accounting policies adopted by the Group:

	Period ended 21 November 2011 HK$'000	Year ended 31 March 2011 HK$'000
Total assets	**532,746**	357,551
Total liabilities	**(298,200)**	(171,656)
Net assets	**234,546**	185,895
Revenue	**547,172**	670,498
Profit for the period/year	**23,888**	29,612

21. Other Assets

	The Group	
	2012 HK$'000	2011 HK$'000
Cash surrender value of life insurance contract	**—**	2,161

Other assets which form part of the Distributed Business were distributed on 21 November 2011 as mentioned in note 9.

22. Inventories

	The Group	
	2012 HK$'000	2011 HK$'000
Raw materials	**11,946**	139,569
Work in progress	**5,304**	29,125
Finished goods	**8,787**	191,116
	26,037	359,810

22. Inventories (Continued)

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

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Carrying amount of inventories sold	**62,394**	40,298	**288,616**	451,057	**351,010**	491,355
Write-down of inventories	**—**	—	**256**	318	**256**	318
	62,394	40,298	**288,872**	451,375	**351,266**	491,673

23. Accounts Receivable

	The Group	
	2012	2011
	HK$'000	HK$'000
Accounts receivable	**13,765**	144,525
Less: Allowance for bad and doubtful debts	**—**	(11,537)
	13,765	132,988

(a) The Group normally allows a credit period ranging from nil to 180 days (2011: 15 to 180 days) to its customers.

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

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

	2012	2011
	HK$'000	HK$'000
Within 1 month	**3,826**	37,996
Over 1 month but within 3 months	**4,748**	50,118
Over 3 months but within 6 months	**5,191**	31,765
Over 6 months but within 1 year	**—**	11,828
Over 1 year	**—**	1,281
	13,765	132,988

23. Accounts Receivable (Continued)

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

	2012	2011
	HK$'000	HK$'000
At 1 April	**11,537**	10,340
Impairment loss recognised, net *(note 8)*	**4,932**	1,195
Exchange adjustment	**1**	2
Distribution in Specie *(note 9)*	**(16,470)**	—
At 31 March	**—**	11,537

At 31 March 2011, the Group's accounts receivables of HK$5,536,000 were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables was expected to be recovered. Consequently, specific allowance for doubtful debts was fully recognised. At 31 March 2012, no impairment was individually made on the accounts receivable. The Group did not hold any collateral over these balances.

At 31 March 2011, a provision of HK$6,001,000 was made for estimated irrecoverable amounts from the sale of goods. This provision was determined by reference to past default experience. At 31 March 2012, no such provision had been made.

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

	2012	2011
	HK$'000	HK$'000
Neither past due nor impaired	**6,764**	52,573
Past due within 1 month	**2,731**	25,210
Past due over 1 month but within 3 months	**2,697**	11,894
Past due over 3 months but within 6 months	**1,573**	660
Past due over 6 months but within 1 year	**—**	506
	7,001	38,270
	13,765	90,843

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

23. Accounts Receivable (Continued)

(f) Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

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

24. Other Receivable and Other Payables and Accrued Charges

The other receivable and other payables of the Company included the amount of HK$62,427,000 due from and the amount of HK$27,144,000 due to Privateco Group respectively after distribution of Privateco Group by the Company. These amounts are unsecured, interest free and expected to be settled within one year.

25. Cash at Banks and in Hand

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

	2012 **HK$'000**	2011 HK$'000
US Dollars	**1,129**	3,592
British Pounds	**—**	1,611
Renminbi	**6,343**	6,537

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

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

26. Borrowings

	2012 HK$'000	2011 HK$'000
Overdrafts repayable on demand — secured	—	4,942
Portion of term loans from banks due for repayment within one year — secured	—	63,309
Portion of term loans from banks due for repayment after one year which contain a repayable on demand clause — secured	—	19,969
Other loan due for repayment within 6 months — secured	—	4,317
Discounted bills and recourse due for repayment within 6 months — secured	—	590
Trust receipts and export loans due for repayment within 6 months — secured	—	164,937
	—	258,064

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

	2012 HK$'000	2011 HK$'000
Term loans due for repayment within one year	—	63,309
Term loans due for repayment after one year:		
After 1 year but within 2 years	—	4,997
After 2 years but within 5 years	—	10,992
After 5 years	—	3,980
	—	19,969
	—	83,278

Notes:

(a) At 31 March 2011, the banking facilities were secured by the pledge of the Group's leasehold land and buildings with carrying amounts of HK$38,005,000 (note 18).

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

(c) At 31 March 2011, the maturity date of the discounted bills with recourse was within 3 to 6 months from inception date of the discounted bills.

27. Accounts Payable

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Within 1 month	**1,160**	25,652
Over 1 month but within 3 months	**12,922**	38,171
Over 3 months but within 6 months	**—**	43,425
Over 6 months	**—**	5,546
	14,082	112,794

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

28. Derivative Financial Instruments

	The Group	
	2012	2011
	HK$'000	HK$'000
Interest rate swap contract that are not designated in hedge accounting relationships	**—**	31

29. Deferred Tax

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

	2012	2011
	HK$'000	HK$'000
At 1 April	**(1,017)**	1,041
Credit to profit or loss *(note 11)*	**654**	41
Credit/(charge) to equity	**1,574**	(2,099)
Exchange adjustments	**(36)**	—
Distribution in Specie *(note 9)*	**(1,478)**	—
At 31 March	**(303)**	(1,017)

29. Deferred Tax (Continued)

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

Deferred tax liabilities	Revaluation of properties HK$'000	Decelerated/ (accelerated) tax depreciation HK$'000	Total HK$'000
At 1 April 2010	—	—	—
Charge to profit or loss	—	(338)	(338)
Charge to equity	(2,099)	—	(2,099)
At 31 March 2011	(2,099)	(338)	(2,437)
Credit to profit or loss	—	387	387
Credit to equity	1,574	—	1,574
Exchange adjustments	(36)	—	(36)
Distribution in Specie *(note 9)*	258	(49)	209
At 31 March 2012	(303)	—	(303)

Deferred tax assets	Decelerated tax depreciation HK$'000	Provision HK$'000	Others HK$'000	Total HK$'000
At 1 April 2010	96	267	678	1,041
Credit/(charge) to profit or loss	(96)	(89)	564	379
At 31 March 2011	—	178	1,242	1,420
Charge to profit or loss	—	225	42	267
Distribution in Specie *(note 9)*	—	(403)	(1,284)	(1,687)
At 31 March 2012	—	—	—	—

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

	2012 HK$'000	2011 HK$'000
Deferred tax liabilities	**(303)**	(1,017)

(d) At the end of reporting period, the Group had estimated unused tax losses of approximately HK$14,234,000 (2011: HK$66,445,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$13,881,000 (2011: HK$4,623,000) that may be carried forward for a period of five years from their respective year of origination.

30. Share Capital

	Number of shares	Amount HK$'000
Shares of the Company with nominal value of HK$0.01 each		
Authorised:		
As at 31 March 2011 and 2012	10,000,000,000	100,000
Issued and fully paid:		
As at 1 April 2010 and 31 March 2011	271,700,000	2,717
Shares issued upon exercise of share options	1,910,000	19
As at 31 March 2012	273,610,000	2,736

31. Share Option Scheme

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

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

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

HK$10.00 is payable by each eligible participant to the Company on acceptance of the grant of an option.

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

31. Share Option Scheme (Continued)

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

During the year, no share option was granted to the eligible employees and 1,910,000 (2011: Nil) and 350,000 (2011: 200,000) share options were exercised and forfeited respectively. The movements in the number of share options under the Share Option Scheme during the year ended 31 March 2012 are as follows:

Date of grant	At beginning of year	Granted during the year	Exercised during the year	Forfeited during the year	At end of year	Exercise price	Closing price at date of grant	Exercise period
1 February 2008*	1,130,000	—	(955,000)	(175,000)	—	HK$1.27	HK$1.25	1 February 2010 to 31 January 2012
1 February 2008*	1,130,000	—	(955,000)	(175,000)	—	HK$1.27	HK$1.25	1 February 2011 to 31 January 2012
	2,260,000	—	(1,910,000)	(350,000)	—			

The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised was HK$1.57.

At the date of approval of these financial statements, there is no outstanding share option under the Share Option Scheme of the Company.

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

32. Reserves

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 30 of the financial statements.

The nature and purposes of reserves are set out below.

Share premium

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

Merger reserve

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

32. Reserves (Continued)

Capital reserve

The capital reserve represented (i) the value of forward liabilities arising from the Group's derivative financial instruments — forward foreign currency contracts which were novated to a company wholly owned by a shareholder without any consideration in prior year; and (ii) the waiver of loan from a non-controlling shareholder of a subsidiary.

Revaluation reserve

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

Exchange reserve

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

The Company

	Share premium HK$'000	Contributed surplus HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2010	79,836	148,326	355	228,517
Total comprehensive income for the year	—	—	(553)	(553)
At 31 March 2011	79,836	148,326	(198)	227,964
Exercise of share options	2,407	—	—	2,407
Total comprehensive income for the year	—	—	(7,668)	(7,668)
Distribution in Specie *(note 9)*	(50,000)	(125,660)	—	(175,660)
At 31 March 2012	32,243	22,666	(7,866)	47,043

Contributed surplus

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

Reserves available for distribution

At 31 March 2012, the aggregate amount of reserves available for distribution to owners of the Company was HK$47,043,000 (2011: HK$227,964,000), which represents the aggregate of accumulated losses of HK$7,866,000 (2011: accumulated losses of HK$198,000), contributed surplus of HK$22,666,000 (2011: HK$148,326,000) and share premium of HK$32,243,000 (2011: HK$79,836,000).

33. Operating Lease Commitments

As lessor

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

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Within 1 year	**—**	65

As lessee

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

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Operating leases rentals		
— minimum leases payments	**1,038**	14,705
— contingent rent	**—**	682
	1,038	15,387

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

	The Group	
	2012	2011
	HK$'000	HK$'000
Within 1 year	**293**	8,579
In the 2 to 5 years inclusive	**562**	12,905
Later than 5 years	**253**	7,232
	1,108	28,716

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

34. Related Party Transactions

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

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Sale of goods to Noblediam *(note i)*	**—**	—	**4,766**	10,854	**4,766**	10,854
Sale of goods to Pesona Noble *(note i)*	**—**	—	**96**	4,783	**96**	4,783
Sale of goods to Pesona BVI *(note i)*	**—**	—	**4,398**	—	**4,398**	—
Sale of goods to Chenghuang Jewellery (note i)	**461**	827	**9**	158	**470**	985
Sale of goods to 山東嘉億 *(note i)*	**—**	739	**—**	—	**—**	739
Management fees received from Noblediam *(note ii)*	**—**	—	**—**	160	**—**	160
Management fees received from Pesona Noble *(note ii)*	**—**	—	**160**	240	**160**	240
Rental, utilities charges and building management fees paid to Guangzhou Weile Jewelry Park Company Limited ("Guangzhou Weile") in which Mr. Chan Yuen Hing, a former director and shareholder of the Company ("Mr. Chan"), has beneficial interests *(note iii)*	**349**	521	**2,317**	3,234	**2,666**	3,755
Rental, utilities charges and building management fees paid to Guangzhou Worldmart Jewelry & Gems Emporium Limited in which Mr. Chan has beneficial interests *(note iii)*	**—**	—	**543**	334	**543**	334

34. Related Party Transactions (Continued)

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

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Rental expenses paid to Chenghuang Jewellery *(note iii)*	**—**	—	**—**	40	**—**	40
Interest income from Glorious (China) Limited ("GCL"), a non-controlling shareholder of a subsidiary *(note 34(c)(i))*	**—**	—	**147**	378	**147**	378
Rental expenses paid to 伊泰蓮娜（廣州）首飾有限公司, in which Mr. Yau Siu Ying, John, a former substantial shareholder of the Company, has beneficial interests *(note iii)*	**54**	2,110	**—**	—	**54**	2,110

Notes:

(i) Sale of goods was determined at cost of materials and production cost plus a percentage of mark-up. Subsequent to 21 November 2011 (Date of Distribution), these companies have no longer been related parties of the Group.

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

(iii) The rental, utilities charges and building management fees were paid pursuant to the respective lease agreements. Subsequent to 21 November 2011 (Date of Distribution), these companies have no longer been related parties of the Group.

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

34. Related Party Transactions (Continued)

(b) Compensation of key management personnel

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

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Wages and salaries	**841**	—	**10,475**	14,714	**11,316**	14,714
Pension contributions	**5**	—	**52**	80	**57**	80
	846	—	**10,527**	14,794	**11,373**	14,794

Further details of directors' emoluments are included in note 13(a).

(c) Balances with related parties

	2012	2011
	HK$'000	HK$'000
Amounts due from related parties		
Noblediam	—	10,842
Noble Enterprises Limited, a company in which a former director of the Company is a controlling shareholder	—	36
GCL *(note (i))*	—	4,975
Party Time Limited, a non-controlling shareholder of a subsidiary	—	5
Chenghuang Jewellery	—	8
	—	15,866
Amount due to a related party		
Pesona Noble	—	389

Note:

(i) At 31 March 2011, the balances included a loan of US$500,000 (equivalent to HK$3,873,000) which was interest bearing at the prime rate per annum granted by the Hongkong and Shanghai Banking Corporation Limited, but not lower than 5% per annum and not higher than 7% per annum.

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

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

35. Capital Risk Management

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

The capital structure of the Group consists of debts, which includes cash at banks and in hand and equity attributable to owners of the Company, comprising share capital and reserves and retained earnings as disclosed in notes 30 and 32 respectively.

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

36. Financial Risk Management

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

(a) Credit risk

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

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

36. Financial Risk Management (Continued)

(a) Credit risk (Continued)

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from accounts receivable are set out in note 23.

(b) Liquidity risk

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

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

Specifically, for term loans as at 31 March 2011 which contained a repayment on demand clause which could be exercised at the bank's sole discretion, the analysis in 2011 shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other liabilities is prepared based on the scheduled repayment dates.

Maturity analysis — Undiscounted cash outflows

The Group	2012			2011		
	On demand HK$'000	Within 1 year HK$'000	Total undiscounted cash outflows HK$'000	On demand HK$'000	Within 1 year HK$'000	Total undiscounted cash outflows HK$'000
Borrowings subject to a repayable on demand clause	—	—	—	259,670	—	259,670
Accounts payable	—	14,082	14,082	—	112,794	112,794
Other payables and accrued charges	—	9	9	—	56,238	56,238
Amount due to a related party	—	—	—	389	—	389
Derivative financial instruments	—	—	—	—	11	11
	—	14,091	14,091	260,059	169,043	429,102

36. Financial Risk Management (Continued)

(b) Liquidity risk (Continued)

The Company	Maturity analysis — Undiscounted cash outflows 2012 On demand HK$'000	Within 1 year HK$'000	Total undiscounted cash outflows HK$'000	2011 On demand HK$'000	Within 1 year HK$'000	Total undiscounted cash outflows HK$'000
Other payables and accrued charges	27,144	—	27,144	—	238	238
Financial guarantees issued Maximum amount guaranteed	—	—	—	—	—	258,064

(c) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

(d) Foreign exchange risk

As at 31 March 2012, the Group mainly operates in Hong Kong and the PRC. The functional currency of the Company and its subsidiaries are mainly Hong Kong Dollars and RMB. The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily the U.S. dollar ("USD").

During the year, the Group entered into certain forward foreign currency contracts. The purpose is to manage the currency risks arising from the Group's operations. At 31 March 2012 and 2011, the Group did not hold any forward foreign currency contracts, which are not designated in hedging accounting relationships (note 28).

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

As at 31 March 2012	USD '000
Other receivables, deposits and prepayments	259
Cash at banks and in hand	146
Accounts payable	(1,812)
Net exposure	(1,407)

36. Financial Risk Management (Continued)

(d) Foreign exchange risk (Continued)

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

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

The Group	2012 Increase/ (decrease) in foreign exchange rate	2012 Effect on profit for the year and retained profits HK$'000	2012 Effect on other components of equity HK$'000	2011 Increase/ (decrease) in foreign exchange rate	2011 Effect on profit for the year and retained profits HK$'000	2011 Effect on other components of equity HK$'000
USD	5%	(547)	—	5%	(1,992)	—
	(5%)	547	—	(5%)	1,992	—
GBP	N/A	—	—	10%	493	—
	N/A	—	—	(10%)	(493)	—
EUR	N/A	—	—	10%	179	—
	N/A	—	—	(10%)	(179)	—
RMB	N/A	—	—	10%	(434)	—
	N/A	—	—	(10%)	434	—
JPY	N/A	—	—	10%	307	—
	N/A	—	—	(10%)	(307)	—

36. Financial Risk Management (Continued)

(d) Foreign exchange risk (Continued)

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit/(loss) for the year and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2011.

(e) Price risk

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

The Group is not exposed to any equity securities risk.

(f) Fair values estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2012 and 2011.

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

37. Summary of Financial Assets and Financial Liabilities by Category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2012 and 2011 may be categorised as follows:

	2012 HK$'000	2011 HK$'000
Financial assets		
Loans and receivables (including cash at banks and in hand)	**30,506**	174,078
Financial liabilities		
Financial liabilities measured at amortised cost	**14,091**	410,847
Derivative financial liabilities at fair value	**—**	31

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

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

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

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

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

FIVE YEARS FINANCIAL SUMMARY

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

	Year ended 31 March				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Turnover	**487,601**	643,399	521,328	631,947	761,976
Profit before income tax	**10,247**	10,178	7,921	5,599	70,842
Income tax expense	**(1,741)**	(4,405)	(4,870)	(4,269)	(10,215)
Profit for the year	**8,506**	5,773	3,051	1,330	60,627
Profit attributable to owners of the Company	**10,119**	7,613	3,140	1,330	60,627
Assets and Liabilities					
Non-current assets	**13,509**	170,964	118,927	114,240	62,960
Current assets	**57,153**	538,777	444,875	396,670	552,094
Current liabilities	**(18,464)**	(433,398)	(304,712)	(256,543)	(345,796)
Net current assets	**38,689**	105,379	140,163	140,127	206,298
Total assets less current liabilities	**52,198**	276,343	259,090	254,367	269,258
Non-current liabilities	**(303)**	(1,017)	—	(40)	(159)
Net assets	**51,895**	275,326	259,090	254,327	269,099

Note: In 2012, the Group Reorganisation (defined in note 9 to the financial statements) results in certain businesses of the Group constituting discontinued operations under HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Details about the Group Reorganisation and the discontinued operations are included in note 9 to the financial statements.