
THIS LISTCO COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Listco Share Offer, this Listco Composite Document and/or the Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this Listco Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Listco Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Listco Share Offer contained therein.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this Listco Composite Document and the Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Listco Composite Document and the Form of Acceptance.

RESOURCES RICH CAPITAL LIMITED

(Incorporated in the BVI with limited liability)

NOBLE JEWELRY HOLDINGS LIMITED

億鑽珠寶控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00475)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFER BY OPTIMA CAPITAL LIMITED ON BEHALF OF RESOURCES RICH CAPITAL LIMITED TO ACQUIRE ALL THE SHARES IN NOBLE JEWELRY HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY RESOURCES RICH CAPITAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to
Resources Rich Capital Limited



Optima Capital Limited

Financial adviser to
Noble Jewelry Holdings Limited



CIMB Securities (HK) Limited

Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders



大有融資有限公司
MESSIS CAPITAL LIMITED



VEDA | CAPITAL
智略資本

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definition" in this Listco Composite Document.

A letter from the Board is set out on pages 8 to 12 of this Listco Composite Document.

A letter from Optima Capital containing, among other things, details of the terms of the Listco Share Offer is set out on pages 13 to 22 of this Listco Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Listco Share Offer to the Independent Shareholders is set out on pages 23 to 24 of this Listco Composite Document.

A letter from the Joint Independent Financial Advisers, Messis Capital Limited and Veda Capital Limited, containing their advice in respect of the Listco Share Offer to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 40 of this Listco Composite Document.

The procedures for acceptance of the Listco Share Offer and other related information are set out on pages I-1 to I-6 in Appendix I to this Listco Composite Document and in the accompanying Form of Acceptance. Acceptances of the Listco Share Offer should be received by the Registrar by no later than 4:00 p.m. on 19 December 2011 or such later time and/or date as Resources Rich may decide and announce in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Listco Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph 6 headed "Overseas Shareholders" of Appendix I to this Listco Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Listco Share Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Each Overseas Shareholder is advised to seek professional advice on deciding whether to accept the Listco Share Offer.

28 November 2011

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DEFINITION

In this Listco Composite Document, the following expressions shall have the following meanings, unless the context otherwise requires:

“acting in concert”	the meaning defined in the Takeovers Code
“associate(s)”	the meaning ascribed thereto under the Listing Rules
“Barton”	Barton Company Limited, as stated in the Joint Announcement, a company incorporated in the BVI with limited liability and wholly owned by Mr. Yau
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular dated 30 September 2011 issued by the Company in relation to, among other things, the Group Reorganisation, the Share Premium and Reserve Application, the Distribution In Specie and the Special Deals
“Closing Date”	19 December 2011, the closing date of the Listco Share Offer, which is 21 days after the date on which the Listco Composite Document is posted, or if the Listco Share Offer is extended, any subsequent closing date of the Listco Share Offer as extended and announced by Resources Rich in accordance with the Takeovers Code
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Noble Jewelry Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Distributed Businesses”	all businesses of the Former Group, other than the Remaining Businesses, carried on by the Privateco Group
“Distribution In Specie”	the distribution in specie of the Privateco Shares by the Company to the Shareholders as described in section headed “Distribution In Specie” in the letter from the Board of the Circular
“EGM”	the extraordinary general meeting of the Company held at 4:00 p.m. on 20 October 2011 at Unit A, 29/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong

DEFINITION

“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“First Prospect”	First Prospect Holdings Limited, as stated in the Joint Announcement, a company incorporated in the BVI with limited liability and wholly owned by Mr. Chan
“Former Group”	the Company and its subsidiaries prior to completion of the Group Reorganisation and the Distribution In Specie
“Form of Acceptance”	the form of acceptance and transfer of the Shares in respect of the Listco Share Offer accompanying this Listco Composite Document
“Group” or “Remaining Group”	the Company and its subsidiaries immediately after completion of the Group Reorganisation and the Distribution In Specie
“Group Reorganisation”	the reorganisation of the Former Group, details of which are set out in the section headed “Group Reorganisation” in the letter from the Board of the Circular
“Guangzhou Sinoble”	廣州億恒珠寶有限公司 (translated as Guangzhou Sinoble Jewelry Limited), a company established in the PRC and a member of the Remaining Group upon completion of the Group Reorganisation
“Guangzhou Sinoble Lease Agreement”	the lease agreement dated 27 October 2011 and entered into between Guangzhou Sinoble and Italina, which is beneficially wholly owned by Mr. Yau, in respect of the leasing of the premises situated at Shawan Town, Pan Yu, Guangzhou, the PRC by the Remaining Group pursuant to the Group Reorganisation
“Guangzhou Yizuan”	廣州市億鑽珠寶有限公司 (translated as Guangzhou Yizuan Jewelry Co., Ltd.), a company established in the PRC and a member of the Privateco Group upon completion of the Group Reorganisation
“Guangzhou Yizuan Lease Agreement”	the lease agreement dated 27 October 2011 and entered into between Guangzhou Yizuan and Italina, which is beneficially wholly owned by Mr. Yau, in respect of the leasing of the premises situated at Shawan Town, Pan Yu, Guangzhou, the PRC by the Privateco Group pursuant to the Group Reorganisation
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITION

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang, established for the purpose of advising the Independent Shareholders in respect of the Listco Share Offer
“Independent Shareholder(s)”	Shareholder(s) other than Resources Rich, its ultimate beneficial owners and parties acting in concert with any of them
“Italina”	伊泰蓮娜(廣州)首飾有限公司 (translated as Italina (Guangzhou) Jewelry Co., Ltd.), as stated in the Joint Announcement, a company established in the PRC and beneficially wholly owned by Mr. Yau
“Joint Announcement”	the joint announcement issued by the Company, Resources Rich and First Prospect dated 8 September 2011 in relation to, among others, the Share Sale Agreement, the Group Reorganisation, the Share Premium and Reserve Application, the Distribution In Specie, the Special Deals, the Listco Share Offer and the Privateco Offer
“Joint Independent Financial Advisers”	Messis Capital Limited and Veda Capital Limited, each of which is a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, being the joint independent financial advisers to the Independent Board Committee and the Independent Shareholders in relation to the Listco Share Offer
“Last Trading Day”	31 August 2011, being the last day on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares pending the release of the Joint Announcement
“Latest Practicable Date”	25 November 2011, being the latest practicable date prior to the printing of this Listco Composite Document for ascertaining certain information referred to in this Listco Composite Document
“Listco Composite Document”	this composite offer and response document together with the Form of Acceptance to be despatched to the Shareholders pursuant to the Listco Share Offer
“Listco Option Offer”	the unconditional mandatory cash offer to cancel the outstanding Share Options, which will not be made as announced in the joint announcement dated 18 October 2011 of Resources Rich and the Company

DEFINITION

“Listco Share Offer”	the unconditional mandatory cash offer to be made by Optima Capital on behalf of Resources Rich to acquire all the issued Shares (other than those already owned or agreed to be acquired by Resources Rich and parties acting in concert with it)
“Listco Share Offer Price”	HK\$1.23 per Share payable in cash by Resources Rich for each Share accepted under the Listco Share Offer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Yuen Hing, an executive Director, being the guarantor of First Prospect and Ms. Chiu, two of the Vendors, under the Share Sale Agreement
“Mr. Yau”	Mr. Yau Siu Ying John, as stated in the Joint Announcement, who owns the entire issued share capital of Barton, being one of the Vendors and also the guarantor of Barton under the Share Sale Agreement
“Ms. Chiu”	Ms. Chiu Nga Fong Marisa, as stated in the Joint Announcement, being the spouse of Mr. Chan and one of the Vendors
“Optima Capital”	Optima Capital Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to Resources Rich
“Option Share(s)”	the new Shares falling to be issued upon exercise of the outstanding Share Options with an exercise price of HK\$1.27 per new Share
“Optionholder(s)”	the holder(s) of the Share Option(s)
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is (are) outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this Listco Composite Document excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan

DEFINITION

“Privateco”	Noble Jewelry Investment Limited, as stated in the Circular, a company incorporated in Bermuda with limited liability pursuant to the Group Reorganisation for the purpose of holding the Distributed Businesses, and a wholly-owned subsidiary of the Company immediately prior to completion of the Distribution In Specie
“Privateco Group”	Privateco and its subsidiaries immediately after completion of the Group Reorganisation and the Distribution In Specie
“Privateco Offer”	the unconditional voluntary cash offer to be made by Investec Asia Capital Limited on behalf of First Prospect to acquire all the Privateco Shares (other than those already owned or agreed to be acquired by First Prospect and parties acting in concert with it)
“Privateco Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Privateco
“Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Relevant Period”	the period beginning six months prior to 9 September 2011 (being the date of commencement of the offer period for the Listco Share Offer) and ending on and including the Latest Practicable Date
“Remaining Businesses”	the design, manufacturing and wholesale of fine jewelry products in the PRC
“Resources Rich”	Resources Rich Capital Limited, a company incorporated in the BVI with limited liability
“Sale Shares”	the aggregate of 197,142,000 Shares held by the Vendors as at the date of the Share Sale Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company

DEFINITION

“Share Charge”	a share charge dated 7 September 2011 executed by First Prospect in favour of Resources Rich in relation to the 172,900,000 Sale Shares then owned by First Prospect to secure repayment of the refundable deposit paid by Resources Rich to First Prospect under the Share Sale Agreement, which Share Charge was released on 21 November 2011
“Share Option(s)”	option(s) granted under the share option scheme of the Company adopted on 26 February 2007
“Share Premium and Reserve Application”	the application of the entire amount standing to the credit of the share premium account of the Company from time to time for the implementation of part of the Distribution In Specie
“Share Sale Agreement”	the agreement dated 7 September 2011 entered into among the Vendors, Resources Rich and Mr. Chan in respect of the acquisition by Resources Rich of the Sale Shares
“Share Sale Completion”	completion of the Share Sale Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Special Deals”	collectively, the Guangzhou Sinoble Lease Agreement and the Guangzhou Yizuan Lease Agreement, which constituted special deals for the Company under Rule 25 of the Takeovers Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“US”	the United States of America
“Vendors”	First Prospect, Barton, Ms. Chiu and Mr. Yau, being the vendors of the Sale Shares pursuant to the Share Sale Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	US dollars, the lawful currency of US
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

Listco Share Offer opens for acceptance 28 November 2011

Latest time and date for acceptance of
the Listco Share Offer (*Notes 1 and 3*) 4:00 p.m.
on 19 December 2011

Closing date of the Listco Share Offer, if not
revised or extended(*Note 1*) 19 December 2011

Announcement of the results of the Listco Share Offer or as to
whether the Listco Share Offer has been revised or extended,
on the website of the Stock Exchange (*Note 1*) by 7:00 p.m.
on 19 December 2011

Latest date for posting of remittance for the amounts
due under the Listco Share Offer in respect of valid acceptances
received on or before the latest time for acceptance
of the Listco Share Offer (*Note 2*) 29 December 2011

Notes:

1. The latest time for acceptance of the Listco Share Offer is 4:00 p.m. on 19 December 2011. The Listco Share Offer, which is unconditional, will close on 19 December 2011. Resources Rich will issue an announcement by 7:00 p.m. on 19 December 2011 as to whether or not the Listco Share Offer has been revised or extended or has expired and, in relation to any revision or extension of the Listco Share Offer, to state either (if and to the extent revised or extended) the next closing date or that the Listco Share Offer will remain open until further notice.
2. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable under the Listco Share Offer will be posted to the accepting Independent Shareholders by ordinary post at their own risk as soon as possible, but in any event within 10 days of the date of receipt by the Registrar of all the relevant documents of title to render the acceptance by such Independent Shareholders under the Listco Share Offer complete and valid.
3. Acceptance of the Listco Share Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in paragraph 4 headed "Right of withdrawal" in Appendix I to this Listco Composite Document.

All time and date references contained in this Listco Composite Document refer to Hong Kong time and date.

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00475)

Executive Directors:

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

Registered Office:

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

Independent non-executive Directors:

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

*Head Office and Principal Place
of Business in Hong Kong:*

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

28 November 2011

To the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
OPTIMA CAPITAL LIMITED
ON BEHALF OF RESOURCES RICH CAPITAL LIMITED
TO ACQUIRE ALL THE SHARES IN
NOBLE JEWELRY HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY
RESOURCES RICH CAPITAL LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement and the Circular.

On 20 October 2011, the resolutions in respect of the Share Premium and Reserve Application, the Distribution In Specie and the Special Deals were duly approved at the EGM. On 21 November 2011, Share Sale Completion and the Distribution In Specie took place.

LETTER FROM THE BOARD

Upon Share Sale Completion, Resources Rich and parties acting in concert with it became interested in 197,142,000 Shares, representing approximately 72.05% of the entire issued Shares as at the Latest Practicable Date. Resources Rich is required to make unconditional mandatory cash offers to acquire all the issued Shares (other than those already owned or agreed to be acquired by Resources Rich and parties acting in concert with it) and to cancel the outstanding Share Options in accordance with the Takeovers Code.

The Independent Board Committee comprising all independent non-executive Directors (who have no direct or indirect interest in the Listco Share Offer), namely Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang, has been appointed to advise the Independent Shareholders in respect of the Listco Share Offer.

Messis Capital Limited and Veda Capital Limited have been appointed as the joint independent financial advisers to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Listco Share Offer and as to acceptance, and such appointment has been approved by the Independent Board Committee.

The purpose of this Listco Composite Document is to provide you with, among other things, information relating to the Group, Resources Rich and the Listco Share Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Listco Share Offer and the letter from the Joint Independent Financial Advisers containing their advice to the Independent Board Committee and the Independent Shareholders in respect of the Listco Share Offer.

THE LISTCO SHARE OFFER

Principal terms of the Listco Share Offer

According to its letter contained in this Listco Composite Document, Optima Capital is making, on behalf of Resources Rich, the Listco Share Offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by Resources Rich and parties acting in concert with it) on the following terms:

for each Share held HK\$1.23 in cash

The Listco Share Offer is not conditional upon any minimum level of acceptances of the Listco Share Offer and is unconditional. The Listco Share Offer will close on 19 December 2011.

As at the Latest Practicable Date, there were 273,610,000 Shares in issue and outstanding Share Options which confer the rights to Mr. Chan, being the only Optionholder, to subscribe for an aggregate of 200,000 Option Shares at HK\$1.27 per Option Share. The Share Options are not assignable or transferable. Save for the outstanding Share Options, the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue

LETTER FROM THE BOARD

of Shares and the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date. It is required by Rule 13 of the Takeovers Code that an appropriate offer or proposal should be made to holders of any rights to subscribe for shares outstanding to ensure interests of those holders are safeguarded and equality of treatment is required. Mr. Chan had irrevocably and unconditionally undertaken to Resources Rich under the Share Sale Agreement that he will (i) not exercise any subscription rights attached to the Share Options held by him prior to the close of the Listco Share Offer; and (ii) not accept the Listco Option Offer. Accordingly, as announced in the joint announcement dated 18 October 2011 of Resources Rich and the Company, no Listco Option Offer will be made to the Optionholder in respect of the outstanding issued Share Options.

As stated in the letter from Optima Capital contained in this Listco Composite Document, as at the Latest Practicable Date, Resources Rich and parties acting in concert with it were together beneficially interested in 197,142,000 Shares (representing approximately 72.05% of the entire issued share capital of the Company as at the Latest Practicable Date).

Comparisons of value

The Listco Share Offer Price is equal to the price paid by Resources Rich for each Sale Share under the Share Sale Agreement. The Listco Share Offer Price represents:

- (a) a premium of approximately 0.82% over the closing price of HK\$1.22 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 6.96% over the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) premiums of approximately 13.89%, 16.04%, 14.95% and 14.95% over the average closing prices of approximately HK\$1.08, HK\$1.06, HK\$1.07 and HK\$1.07 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 515.00% over the unaudited pro forma net assets value of the Group of approximately HK\$0.20 per Share as at 31 March 2011 based on the unaudited pro forma net assets value of the Group of approximately HK\$54.0 million as set out in Appendix III to this Listco Composite Document and 273,610,000 Shares in issue as at the Latest Practicable Date.

FURTHER INFORMATION OF THE LISTCO SHARE OFFER

Please also refer to the letter from Optima Capital contained in and Appendix I to this Listco Composite Document for further information in relation to the Listco Share Offer, the making of the Listco Share Offer to the Independent Shareholders residing in overseas countries, taxation, acceptance and settlement procedures of the Listco Share Offer.

LETTER FROM THE BOARD

LAPSE OF SHARE OPTIONS

Pursuant to the share option scheme of the Company adopted on 26 February 2007, if, in consequence of any general offer being made to the holders of Shares and such offer becomes or is declared unconditional, holders of the Share Options shall be entitled at any time within the period of one month after such offer becomes or is declared unconditional to exercise all or any of their respective outstanding Share Options in whole or in part (to the extent that such Share Options have not been so exercised), and any Share Option shall upon the expiry of such period lapse and determine. The Listco Share Offer is unconditional and is made on 28 November 2011 by this Listco Composite Document. As at the Latest Practicable Date, Mr. Chan was the only Optionholder holding Share Options conferring the rights to subscribe at HK\$1.27 per Option Share for 100,000 Option Shares during an exercise period from 1 February 2010 to 31 January 2012 and another 100,000 Option Shares during an exercise period from 1 February 2011 to 31 January 2012. Since Mr. Chan has undertaken not to exercise his Share Options prior to the close of the Listco Share Offer and not to accept the Listco Option Offer, he is entitled to exercise all or any of his Share Options, conferring rights to subscribe for an aggregate of 200,000 Option Shares at HK\$1.27 per Option Share from the close of the Listco Share Offer up to 28 December 2011.

INFORMATION ON THE GROUP

Following the completion of the Group Reorganisation and the Distribution In Specie, the Group is principally engaged in the design, manufacturing and wholesale of fine jewelry products in the PRC.

Set out below is an illustration of the financial impact of the Group Reorganisation and the Distribution In Specie on the results of the Group as if the Group Reorganisation and the Distribution In Specie had taken place at the commencement of the financial year ended 31 March 2011 and the financial impact of the Group Reorganisation and the Distribution In Specie on the assets and liabilities of the Group as if the Group Reorganisation and the Distribution In Specie had taken place on 31 March 2011.

According to the unaudited pro forma financial information of the Group as at 31 March 2011 as set out in Appendix III to this Listco Composite Document, assuming the Group Reorganisation and the Distribution In Specie had taken place at the commencement of the financial year ended 31 March 2011, the Group would record a pro forma profit of approximately HK\$412,000, as compared to a net loss of approximately HK\$10.4 million of the Former Group for the financial year, which was mainly due to pro forma adjustments by excluding the income and expenses attributable to the Distributed Businesses.

According to the unaudited pro forma financial information of the Group as at 31 March 2011 as set out in Appendix III to this Listco Composite Document, assuming the Group Reorganisation and the Distribution In Specie had taken place on 31 March 2011, the pro forma total assets of the Group would be approximately HK\$71.5 million, which represented a decrease of approximately HK\$638.2 million from the Former Group's total assets as at 31 March 2011, the pro forma total liabilities of the Group would be

LETTER FROM THE BOARD

approximately HK\$17.6 million, which represented a decrease of approximately HK\$433.0 million from the Former Group's total liabilities as at 31 March 2011, and the pro forma net assets of the Group would be approximately HK\$54.0 million, which represented a decrease of approximately HK\$205.2 million from the Former Group's net assets as at 31 March 2011.

Details of the unaudited pro forma financial information of the Group are set out in Appendix III to this Listco Composite Document.

INFORMATION ON RESOURCES RICH

Please refer to the letter from Optima Capital contained in this Listco Composite Document for information on Resources Rich.

INTENTION OF RESOURCES RICH REGARDING THE GROUP

Your attention is drawn to the letter from Optima Capital contained in this Listco Composite Document which sets out the intention of Resources Rich regarding the business of the Group and the biographies of the proposed new Directors. The Board is aware of Resources Rich's intention in respect of the Group and is willing to co-operate with Resources Rich further which is of the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and the Joint Independent Financial Advisers, respectively, which set out their recommendations and opinions in relation to the Listco Share Offer and the principal factors considered by them before arriving at their recommendations. You are also advised to read the remainder of this Listco Composite Document and the Form of Acceptance in respect of the acceptance and settlement procedures of the Listco Share Offer.

Yours faithfully,
By order of the Board
Noble Jewelry Holdings Limited
Mr. Chan Yuen Hing
Chairman

LETTER FROM OPTIMA CAPITAL



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

28 November 2011

To the Independent Shareholders

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY
OPTIMA CAPITAL LIMITED
ON BEHALF OF RESOURCES RICH CAPITAL LIMITED
TO ACQUIRE ALL THE SHARES IN
NOBLE JEWELRY HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY
RESOURCES RICH CAPITAL LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 21 November 2011, Resources Rich, the Company, First Prospect and Noble Jewelry Investment Limited jointly announced that on the same date, Resources Rich completed the acquisition from the Vendors of 197,142,000 Sale Shares, representing approximately 72.05% of the entire issued share capital of the Company immediately prior to Share Sale Completion, at a consideration of HK\$242,484,660. Resources Rich is required to make the unconditional mandatory cash offers to acquire all the issued Shares (other than those already owned or agreed to be acquired by Resources Rich and parties acting in concert with it) and to cancel the outstanding Share Options in accordance with the Takeovers Code.

This letter sets out, among other things, the details of the Listco Share Offer, information on Resources Rich and the intention of Resources Rich regarding the Group. The terms of the Listco Share Offer are set out in this letter, Appendix I to this Listco Composite Document of which this letter forms part, and the Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, “Letter from the Independent Board Committee” and “Letter from the Joint Independent Financial Advisers” as set out in this Listco Composite Document.

LETTER FROM OPTIMA CAPITAL

THE LISTCO SHARE OFFER

Principal terms of the Listco Share Offer

Optima Capital is making, on behalf of Resources Rich, the Listco Share Offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by Resources Rich and parties acting in concert with it) on the following terms:

for each Share held HK\$1.23 in cash

The Listco Share Offer is not conditional upon any minimum level of acceptance of the Listco Share Offer and is unconditional. The Listco Share Offer will close on 19 December 2011.

As set out in the letter from the Board of this Listco Composite Document, as at the Latest Practicable Date, (i) there were 273,610,000 Shares in issue and outstanding Share Options which confer the rights to Mr. Chan, being the only Optionholder, to subscribe for an aggregate of 200,000 Option Shares at HK\$1.27 per Option Share; (ii) the Share Options are not assignable or transferable; and (iii) save for the outstanding Share Options to subscribe for 200,000 Option Shares under the share option scheme of the Company approved and adopted on 26 February 2007, the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). It is required by Rule 13 of the Takeovers Code that an appropriate offer or proposal should be made to holders of any rights to subscribe for shares outstanding to ensure interests of those holders are safeguarded and equality of treatment is required. Mr. Chan had irrevocably and unconditionally undertaken to Resources Rich under the Share Sale Agreement that he will (i) not exercise any subscription rights attached to the Share Options held by him prior to the close of the Listco Share Offer; and (ii) not accept the Listco Option Offer. Accordingly, as announced in the joint announcement dated 18 October 2011 of Resources Rich and the Company, no Listco Option Offer will be made to the Optionholder in respect of the outstanding issued Share Options. As set out in the letter from the Board of this Listco Composite Document, as at the Latest Practicable Date, Mr. Chan was the only Optionholder.

As set out in the letter from the Board of this Listco Composite Document, pursuant to the share option scheme of the Company adopted on 26 February 2007, if, in consequence of any general offer being made to the holders of Shares and such offer becomes or is declared unconditional, holders of the Share Options shall be entitled at any time within the period of one month after such offer becomes or is declared unconditional to exercise all or any of their respective outstanding Share Options in whole or in part (to the extent that such Share Options have not been so exercised), and any Share Option shall upon the expiry of such period lapse and determine. As set out in the letter from the Board of this Listco Composite Document, since Mr. Chan has undertaken not to exercise his Share Options prior to the close of the Listco Share Offer and not to accept the Listco Option Offer, he is

LETTER FROM OPTIMA CAPITAL

entitled to exercise all or any of his Share Options, conferring rights to subscribe for an aggregate of 200,000 Option Shares at HK\$1.27 per Option Share from the close of the Listco Share Offer up to 28 December 2011.

As at the Latest Practicable Date, Resources Rich and parties acting in concert with it were together beneficially interested in 197,142,000 Shares (representing approximately 72.05% of the entire issued share capital of the Company as at the Latest Practicable Date).

Comparisons of value

The Listco Share Offer Price is equal to the price paid by Resources Rich for each Sale Share under the Share Sale Agreement. The Listco Share Offer Price represents:

- (a) a premium of approximately 0.82% over the closing price of HK\$1.22 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 6.96% over the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) premiums of approximately 13.89%, 16.04%, 14.95% and 14.95% over the average closing prices of approximately HK\$1.08, HK\$1.06, HK\$1.07 and HK\$1.07 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 515.00% over the unaudited pro forma net assets value of the Group of approximately HK\$0.20 per Share as at 31 March 2011 based on the unaudited pro forma net assets value of the Group of approximately HK\$54.0 million as set out in Appendix III to this Listco Composite Document and 273,610,000 Shares in issue as at the Latest Practicable Date.

Total consideration for the Listco Share Offer

On the basis of the Listco Share Offer Price of HK\$1.23 per Share and 273,610,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$336,540,300. Excluding the 197,142,000 Shares held by Resources Rich and parties acting in concert with it upon Share Sale Completion, and given Mr. Chan's irrevocable undertaking of not exercising the subscription rights attached to the Share Options held by him prior to the close of the Listco Share Offer and that no Listco Option Offer will be made, 76,468,000 Shares (at the Listco Share Offer Price of HK\$1.23 per Share) will be subject to the Listco Share Offer and the Listco Share Offer is valued at an aggregate amount of approximately HK\$94,055,640.

LETTER FROM OPTIMA CAPITAL

Financial resources

The amount of funds required by Resources Rich for the full acceptance of the Listco Share Offer will be financed by the personal resources of Mr. Hu Yangjun and Mr. Hu Yishi. Optima Capital is satisfied that there are sufficient financial resources available to Resources Rich to satisfy the amount of funds required for the full acceptance of the Listco Share Offer.

Effect of accepting the Listco Share Offer

By accepting the Listco Share Offer, the Independent Shareholders will sell their Shares to Resources Rich free from all liens, claims and encumbrances and with all rights attached to them, including the rights to receive all dividends and other distributions declared, made or paid on or after the date of this Listco Composite Document.

Overseas Shareholders

As the Listco Share Offer, to persons not resident in Hong Kong, may be affected by the laws of the relevant jurisdictions in which they are resident, the Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Listco Share Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Listco Share Offer (including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdictions). The Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties by whomsoever payable in respect of all relevant jurisdictions. Acceptance of the Listco Share Offer by any such person will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws to receive and accept the Listco Share Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. The Overseas Shareholders are recommended to seek professional advice on deciding whether to accept the Listco Share Offer.

Stamp duty

The ad valorem stamp duty payable by the accepting Independent Shareholders in connection with the Listco Share Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the consideration or of the then market price of the Shares (whichever is higher) will be payable by the accepting Independent Shareholders and will be deducted by Resources Rich from the consideration payable to them on acceptance of the Listco Share Offer. Resources Rich will then pay the stamp duty on behalf of the accepting Independent Shareholders.

LETTER FROM OPTIMA CAPITAL

Settlement of the consideration

The amounts due to the Independent Shareholders who accept the Listco Share Offer should be paid by Resources Rich to the Independent Shareholders as soon as possible but in any event within 10 days of the date of receipt by the Registrar of a duly completed acceptance in accordance with the Takeovers Code. Save for payment of stamp duty above, settlement of the amounts due to the accepting Independent Shareholders will be implemented in full without regard to any lien, right of set-off, counterclaim or other analogous right to which Resources Rich may otherwise be, or claim to be, entitled against such Independent Shareholders.

Dealings in securities of the Company

Save for the purchase of the Sale Shares and the execution of the Share Charge, none of Resources Rich and parties acting in concert with it dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.

As at the Latest Practicable Date, there were no arrangements, whether by way of option, indemnity or otherwise, in relation to the Shares or the shares of Resources Rich and which may be material to the Listco Share Offer.

As set out in the letter from the Board of this Listco Composite Document, as at the Latest Practicable Date, Mr. Chan was holding Share Options conferring the right to subscribe at HK\$1.27 per Option Share for 100,000 Option Shares during an exercise period from 1 February 2010 to 31 January 2012 and another 100,000 Option Shares during an exercise period from 1 February 2011 to 31 January 2012 and had irrevocably and unconditionally undertaken to Resources Rich under the Share Sale Agreement that he would (i) not exercise any subscription rights attached to the Share Options held by him prior to the close of the Listco Share Offer; and (ii) not accept the Listco Option Offer. In addition, as informed by the Company, as at the Latest Practicable Date, each of Ms. Chan Lai Yung, Mr. Tang Chee Kwong, Mr. Lai Wang and Mr. Tsang Wing Ki, each a Director, intended to accept the Listco Share Offer in respect of the 3,236,000, 4,702,000, 100,000 and 310,000 Shares he/she beneficially owns respectively. Save for the aforesaid, Resources Rich had not received any indication or irrevocable commitment from any Independent Shareholder or Optionholder that he/she/it would accept or reject the Listco Share Offer or Listco Option Offer as at the Latest Practicable Date. As announced in the joint announcement dated 18 October 2011 of Resources Rich and the Company, no Listco Option Offer will be made.

Compulsory acquisition

Resources Rich does not avail itself of any power of compulsory acquisition.

LETTER FROM OPTIMA CAPITAL

INFORMATION ON RESOURCES RICH

Resources Rich is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, save for entering into the Share Sale Agreement (which was completed on 21 November 2011) and the Share Charge (which was released on 21 November 2011), Resources Rich had not engaged in any other business activities. As at the Latest Practicable Date, the directors of Resources Rich were Mr. Hu Yangjun and Mr. Hu Yishi, and Resources Rich was held as to 50% by Mr. Hu Yangjun and as to 50% by Mr. Hu Yishi.

INTENTION OF RESOURCES RICH REGARDING THE GROUP

Resources Rich intends to continue the principal business of the Group (i.e. the design, manufacturing and wholesale of fine jewelry products in the PRC). Resources Rich will conduct a review on 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. Subject to the result of the review and should suitable investment or business opportunities arise, Resources Rich may consider diversifying the business of the Group with an objective to broaden its income source. In view of the aforesaid, Resources Rich is of the view that the Listco Share Offer is in its long-term commercial interest. As at the Latest Practicable Date, no such investment or business opportunities had been identified nor had Resources Rich entered into any agreement, arrangements, understandings, intention or negotiation in relation to injection of any assets or business into the Group. Notwithstanding the foregoing, as at the Latest Practicable Date, Resources Rich had not entered into any agreement, arrangement, intention or negotiation in relation to re-deployment of the employees, disposal and/or re-deployment of the fixed assets of the Group, or termination or scaling-down of any Group's business.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Board currently comprises six executive Directors and three independent non-executive Directors. All existing executive Directors and independent non-executive Directors will resign from the Board with effect from the close of the Listco Share Offer. Resources Rich intends to nominate 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. Heung Chee Hang, Eric, Mr. Wu Chi Keung and Ms. Kwok Pui Ha as independent non-executive Directors on the day after the posting of this Listco Composite Document.

The brief biographies of the new Directors to be nominated by Resources Rich are set out below:

Mr. Hu Yangjun, aged 38, 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 Yangjun is the cousin of Mr. Hu Yishi.

LETTER FROM OPTIMA CAPITAL

Mr. Hu Yishi, aged 35, has experience in China affairs and business. He 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. Hu Yishi is the cousin of Mr. Hu Yangjun.

Mr. Chan Wing Yuen, Hubert, aged 53, is a member of the Chinese People's Political Consultative Conference – Heilongjiang Province Committee in the PRC. He 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. He 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. He received a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). He 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.

Mr. Li Wei Qi, Jacky, aged 39, has experience in the financial services field. Mr. 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. 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 and an account executive registered with The Chinese Gold & Silver Exchange Society. Mr. Li was previously a 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.

Mr. Heung Chee Hang, Eric, aged 44, is a practising solicitor in Hong Kong. Mr. 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. He 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.

Mr. Wu Chi Keung, aged 54, has experience in the financial audit field and was a partner of Deloitte Touche Tohmatsu. Mr. Wu is currently an independent non-executive director of 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. Wu graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic

LETTER FROM OPTIMA CAPITAL

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).

Ms. Kwok Pui Ha, aged 42, 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. 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. 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.

As at the Latest Practicable Date, Mr. Hu Yangjun, Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert, Mr. Li Wei Qi, Jacky, Mr. Heung Chee Hang, Eric, Mr. Wu Chi Keung and Ms. Kwok Pui Ha did not hold any positions in the Company or any members of the Group.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Shareholders should note that immediately after Share Sale Completion, the Company has approximately 24.71% of its issued Shares in the hands of the public. Resources Rich intends to maintain the listing status of the Company and it irrevocably undertakes that it will be responsible for maintaining the 25% public float requirement upon the closing of the Listco Share Offer.

If, at the close of the Listco Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or**
- (ii) there are insufficient Shares in public hands to maintain an orderly market,**

the Stock Exchange may consider exercising its discretion to suspend dealings in the Shares.

The Stock Exchange will also closely monitor all acquisitions or disposals of assets by the Company. Under the Listing Rules, the Stock Exchange has the power to aggregate a series of transactions and any such transactions may result in the Company being treated as if it were a new listing applicant and subject to the requirements for new applicants as set out in the Listing Rules.

LETTER FROM OPTIMA CAPITAL

TAX IMPLICATIONS

None of the Company, Resources Rich, Optima Capital nor any of their respective directors or any other parties involved in the Listco Share Offer is in a position to advise the Independent Shareholders on their individual tax implications. The Independent Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Listco Share Offer. None of the Company, Resources Rich, the professional advisers to the Company and Resources Rich or any of their respective directors or any other parties involved in the Listco Share Offer accepts any responsibility for any tax effect on, or liabilities of, the Independent Shareholders.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement, as well as the acceptance period as set out in Appendix I to this Listco Composite Document and the Form of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner are reminded to, as far as practicable, treat the holding of each beneficial owner separately. Beneficial owners of the Shares whose investments are registered in the names of nominees should note that it is essential for them to provide instructions to their nominees of their intentions with regard to the Listco Share Offer.

The attention of the Overseas Shareholders is drawn to paragraph 6 in Appendix I to this Listco Composite Document.

All documents and remittances sent to the Independent Shareholders by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Independent Shareholders, to the Independent Shareholder whose name first appears in the register of members of the Company. None of the Company, Resources Rich, Optima Capital, CIMB Securities (HK) Limited, the Registrar, or any of their respective directors or professional advisers or any other parties involved in the Listco Share Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

LETTER FROM OPTIMA CAPITAL

ADDITIONAL INFORMATION

Your attention is drawn to the accompanying Form of Acceptance and the additional information set out in this Listco Composite Document and the appendices which form part of this Listco Composite Document.

Yours faithfully,
For and on behalf of
Optima Capital Limited
Mei H. Leung
Chairman

NOBLE JEWELRY HOLDINGS LIMITED

億鑽珠寶控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00475)

28 November 2011

To the Independent Shareholders

Dear Sir/Madam,

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO
UNCONDITIONAL MANDATORY CASH OFFER BY
OPTIMA CAPITAL LIMITED
ON BEHALF OF RESOURCES RICH CAPITAL LIMITED
TO ACQUIRE ALL THE SHARES IN
NOBLE JEWELRY HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY
RESOURCES RICH CAPITAL LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the composite offer and response document (the “Listco Composite Document”) dated 28 November 2011 jointly issued by the Company and Resources Rich, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Listco Composite Document unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Listco Share Offer and to advise you as to whether, in our opinion, the terms of the Listco Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptances of the Listco Share Offer.

Messis Capital Limited and Veda Capital Limited have been appointed as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Listco Share Offer. Details of their advice and principal factors taken into consideration in arriving at their recommendation are set out in the letter from the Joint Independent Financial Advisers on pages 25 to 40 of the Listco Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having taken into account the terms of the Listco Share Offer and the advice and recommendation of the Joint Independent Financial Advisers and the principal factors and reasons taken into consideration by them in arriving at their opinion, we consider that the terms of the Listco Share Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Listco Share Offer.

However, in the event that the market price of the Shares exceeds the Listco Share Offer Price during the period while the Listco Share Offer is open and the sales proceeds (net of transaction costs) exceed the net amount receivable under the Listco Share Offer, Independent Shareholders should consider to sell their Shares in the open market if they are able to do so. Independent Shareholders are advised that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives. In any event, Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the offer period of the Listco Share Offer.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Noble Jewelry Holdings Limited

Mr. Chan Cheong Tat

Mr. Tang Chiu Ming Frank

Mr. Yu Ming Yang

Independent Non-Executive Directors

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The following is the text of the letter of advice from Messis Capital Limited and Veda Capital Limited, the Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders for inclusion in the Listco Composite Document.



大有融資有限公司
MESSIS CAPITAL LIMITED

VEDA | CAPITAL
智略資本

28 November 2011

To the Independent Board Committee and the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
OPTIMA CAPITAL LIMITED
ON BEHALF OF RESOURCES RICH CAPITAL LIMITED
TO ACQUIRE ALL THE SHARES IN
NOBLE JEWELRY HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE
ACQUIRED BY RESOURCES RICH CAPITAL LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders in respect of the Listco Share Offer. The details of the Listco Share Offer, among other things, are set out in the Listco Composite Document dated 28 November 2011, of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Listco Composite Document unless the context requires otherwise.

Following Share Sale Completion on 21 November 2011, Resources Rich and parties acting in concert with it are interested in 197,142,000 Shares, representing approximately 72.05% of the entire issued Shares as at the Latest Practicable Date. Under Rule 26.1 of the Takeovers Code, Resources Rich is required to make an unconditional mandatory cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by Resources Rich and parties acting in concert with it) and to cancel the outstanding Share Options. As at the Latest Practicable Date, save for the outstanding Share Options which confer the rights to Mr. Chan to subscribe for 200,000 Option Shares under the share option scheme of the Company approved and adopted on 26 February 2007, the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). It is required by Rule 13 of the Takeovers Code that appropriate offer should be made to holders of any rights to subscribe for shares outstanding to ensure interests of those holders are safeguarded and equality of treatment is required. Mr. Chan had irrevocably and unconditionally undertaken to Resources Rich under the Share Sale

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Agreement that he will (i) not exercise any subscription rights attached to the Share Options held by him prior to the close of the Listco Share Offer; and (ii) not accept the Listco Option Offer. Accordingly, as announced in the joint announcement dated 18 October 2011 of Resources Rich and the Company, no Listco Option Offer will be made to the Optionholder in respect of the outstanding issued Share Options. Further details of the terms of the Listco Share Offer are set out under the section headed “THE LISTCO SHARE OFFER” of the “Letter from Optima Capital” in the Listco Composite Document. Optima Capital is making the Listco Share Offer for and on behalf of Resources Rich.

In accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code, an independent board committee comprising all the non-executive Directors who have no direct or indirect interest in the Listco Share Offer should be constituted to advise the Independent Shareholders on the Listco Share Offer. Accordingly, the Independent Board Committee, comprising Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang, all being the independent non-executive Directors without any conflict of interest in the Listco Share Offer, has been formed to consider and advise the Independent Shareholders in respect of the Listco Share Offer. As mentioned in the Joint Announcement, we have been appointed by the Independent Board Committee as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Independent Shareholders in connection with, among other things, the Listco Share Offer and in particular as to whether the terms of the Listco Share Offer are fair and reasonable and to give an opinion and recommendation as regards to the acceptance of the Listco Share Offer.

BASIS OF OUR OPINION

In arriving at our recommendation, we have relied on the statements, information and representations contained or referred to in the Listco Composite Document and the information provided and representations made to us by the Directors and the management of the Company. We have assumed that all the statements, information and representations contained or referred to in the Listco Composite Document and all information provided and representations made by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were provided and made and will continue to be so as at the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to date throughout the offer period (as defined under the Takeovers Code). We have no reason to doubt the truth, accuracy and completeness of the information provided and representations made to us by the Directors and the management of the Company. We consider that the information provided and representations made to us are sufficient for us to form a reasonable basis for our opinion. We are not aware of any reason to suspect any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. The Directors have confirmed that, having made all reasonable enquiries, and to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Listco Composite Document, including this letter, incorrect or misleading. We have not, however, carried out any independent verification of

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

the information provided and representations made to us by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and Resources Rich.

We have not considered the tax consequences on the Independent Shareholders of their acceptance or non-acceptance of the Listco Share Offer since they are particular to their own individual circumstances. In particular, Independent Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Listco Share Offer and, if in any doubt, should consult their own professional advisers.

This letter is issued to the Independent Board Committee and the Independent Shareholders regarding the Listco Share Offer for their information only, and except for its inclusion in the Listco Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In assessing the Listco Share Offer and in giving our recommendation, we have taken into our consideration the following principal factors and reasons:

1. Background of the Listco Share Offer

On 8 September 2011, Resources Rich, the Company and First Prospect jointly announced that on 7 September 2011, the Vendors, Resources Rich and Mr. Chan entered into the Share Sale Agreement, pursuant to which the Vendors have conditionally agreed to sell and Resources Rich has conditionally agreed to purchase the Sale Shares, being the aggregate interest of 197,142,000 Shares held by the Vendors, representing approximately 72.56% of the entire issued share capital of the Company as at the date of the Share Sale Agreement, at an aggregate consideration of HK\$242,484,660, representing HK\$1.23 per Sale Share. The Share Sale Agreement is conditional upon, among other things, completion of the Group Reorganisation.

To facilitate the Share Sale Completion, the Board put forward the proposal of the Share Premium and Reserve Application, the Distribution In Specie and the Special Deals for the independent Shareholders' approval at the EGM. The resolutions in respect of the Share Premium and Reserve Application, the Distribution In Specie and the Special Deals were duly approved at the EGM on 20 October 2011. On 21 November 2011, Share Sale Completion and the Distribution In Specie took place. Following Share Sale Completion, Resources Rich and parties acting in concert with it are interested in 197,142,000 Shares, representing approximately 72.05% of the entire issued Shares as at the Latest Practicable Date. Accordingly, Resources Rich is required to make an unconditional mandatory cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by Resources Rich and parties acting in concert with it) and to cancel the outstanding Share Options. As at the Latest Practicable Date, save for the outstanding Share Options which confer the rights to Mr. Chan to subscribe for 200,000 Option Shares under the share option scheme of the Company approved and adopted on 26 February

2007, the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). Pursuant to the share option scheme of the Company adopted on 26 February 2007, if, in consequence of any general offer being made to the holders of Shares and such offer becomes or is declared unconditional, Mr. Chan shall be entitled at any time within the period of one month after such offer becomes unconditional to exercise all or any of his respective outstanding Share Options in whole or in part (to the extent that such Share Options have not been so exercised), and any Share Option shall upon the expiry of such period lapse and determine. It is required by Rule 13 of the Takeovers Code that appropriate offer should be made to holders of any rights to subscribe for shares outstanding to ensure interests of those holders are safeguarded and equality of treatment is required. Mr. Chan had irrevocably and unconditionally undertaken to Resources Rich under the Share Sale Agreement that he will (i) not exercise any subscription rights attached to the Share Options held by him prior to the close of the Listco Share Offer; and (ii) not accept the Listco Option Offer. Given the Listco Share Offer is unconditional and is made on 28 November 2011 by the Listco Composite Document, Mr. Chan will be entitled to exercise all or any of his Share Options, conferring rights to subscribe for an aggregate of 200,000 Option Shares at HK\$1.27 per Option Share from the close of the Listco Share Offer up to 28 December 2011 and no Listco Option Offer will be made to the Optionholder in respect of the outstanding issued Share Options.

Immediately after Share Sale Completion, the Company has approximately 24.71% of its issued Shares in the hands of the public. Resources Rich intends to maintain the listing status of the Company and it irrevocably undertakes that it will be responsible for maintaining the 25% public float requirement upon the closing of the Listco Share Offer.

2. Information of the Group

Following the Group Reorganisation and the Distribution In Specie, the Group is principally engaged in the design, manufacturing and wholesale of fine jewelry products in the PRC.

2.1 Financial information of the Group

According to the unaudited pro forma financial information of the Group as at 31 March 2011 as set out in Appendix III to the Listco Composite Document, assuming the Group Reorganisation and the Distribution In Specie had taken place on 31 March 2011, the pro forma total assets of the Group would be approximately HK\$71.5 million, which represented a decrease of approximately HK\$638.2 million from the Former Group's total assets as at 31 March 2011 as set out in Appendix II to the Listco Composite Document. The pro forma total liabilities of the Group would be approximately HK\$17.6 million, which represented a decrease of approximately HK\$433.0 million from the Former Group's total liabilities as at 31 March 2011 as set out in Appendix II to the Listco Composite Document. The pro forma net assets of the

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Group would be approximately HK\$54.0 million, which represented a decrease of approximately HK\$205.2 million from the Former Group's net assets as at 31 March 2011 as set out in Appendix II to the Listco Composite Document.

According to the unaudited pro forma financial information of the Group as set out in Appendix III to the Listco Composite Document, assuming the Group Reorganisation and the Distribution In Specie had taken place at the commencement of the financial year ended 31 March 2011, the Group would record a pro forma profit of approximately HK\$412,000, as compared to a net loss of approximately HK\$10.4 million of the Former Group for the financial year as set out in Appendix II to the Listco Composite Document, which was mainly due to pro forma adjustments by excluding the income and expenses attributable to the Distributed Businesses.

Based on the unaudited pro forma consolidated statement of financial position set out in Appendix III to the Listco Composite Document, the net current assets of the Group as at 31 March 2011 would have been approximately HK\$39.7 million after completion of the Group Reorganisation and the Distribution In Specie.

According to the unaudited interim financial information of the Group as set out in the interim report of the Company for the six months ended 30 September 2011 (the “**2011 Interim Report**”), the total assets (excluding assets of a disposal group classified as held for sale) and total liabilities (excluding liabilities of a disposal group classified as held for sale) of the Group as at 30 September 2011 amounted to approximately HK\$116.1 million and approximately HK\$10.1 million, respectively. The net assets of the Group (excluding net assets of a disposal group classified as held for sale) as at 30 September 2011 amounted to approximately HK\$106.0 million.

According to the 2011 Interim Report, the turnover of the Group for the Continuing Operations defined in the 2011 Interim Report (“**the Continuing Operations**”) rose significantly by approximately 81.4% from approximately HK\$22.0 million for the six months ended 30 September 2010 to approximately HK\$39.9 million for the six months ended 30 September 2011 which was mainly attributable to the subsisting rise in gold and diamond prices during the period. Net profit of the Group for the Continuing Operations rose by approximately 580.0% from approximately HK\$0.5 million for the six months ended 30 September 2010 to approximately HK\$3.4 million for the six months ended 30 September 2011.

According to the 2011 Interim Report, the Group's net current assets (excluding net current assets of a disposal group classified as held for sale) and the corresponding current ratio as at 30 September 2011 was HK\$92.3 million and 10.4 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 30 September 2011. The cash at banks and in hand of the Group amounted to approximately HK\$10.0 million.

2.2 Prospect and outlook of the Group

Following the Group Reorganisation and the Distribution In Specie, the Group is principally engaged in the design, manufacturing and wholesale of fine jewelry products in the PRC. It is the intention of the Group to maintain its focus on developing corporate clients who demand bulk purchases. In addition, efforts will continue to be placed on enlarging and optimizing the product mix, which has been key to success in strengthening ties with existing and potential customers.

The Directors are optimistic about the performance of the Group in the long term given the economic growth of the PRC, accelerating rate of urbanization, increasing affluent urban residents and steady and fast growth in China's retail market as described in the paragraph headed "1. Industry Overview" under the section headed "H. Information on the Remaining Group" in the Circular. As household incomes rise and living standards improve, jewelry consumption has increased rapidly in the PRC in recent years. The country has become the largest consumer of gemstone, jade, and platinum jewelry, and the second-largest consumer of gold jewelry (after India) and diamond jewelry (after the United States) in the world. According to statistics compiled by National Bureau of Statistics of China, in 2010, sales of gold, silver and jewelry in the PRC was approximately RMB126.1 billion, increased by 46.0% from the previous year. In the first half of 2011, the sales of gold, silver and jewelry was RMB92.1 billion, representing 49.6% higher than that of the same period of 2010.

We consider that the factors described in the above paragraph have created favourable conditions for the development of jewelry business in the PRC and the jewelry market in the PRC has a positive outlook in general.

However, we note that there remain various risk factors associated with the operation and the prospect of the Group, including principally (a) business of the Group is largely dependent on the global and regional economic environment; (b) the Group is exposed to diamond and gold price fluctuations; (c) the Group may not be able to continue to develop appealing jewelry products; (d) the senior management of the Group may change; (e) competition in the fine jewelry industry is keen in the PRC; (f) changes in PRC's political, economic and government policies may have a negative effect on the business of the Group; and (g) the labour costs of the Group may increase due to the enforcement of the PRC Labour Contract Law.

Independent Shareholders should note that whilst the outlook of the jewelry industry in the PRC is, as discussed above, positive in general, the Group may or may not benefit from such potential positive development in the industry. The extent to which the Group may benefit from the positive industry outlook depends on a lot of company-specific factors including, in particular, the various risk factors described in the preceding paragraph relating to the business operation of the Group, jewelry industry in the PRC and the macro-economic development of the PRC.

3. Principal terms of the Listco Share Offer

Optima Capital is making, on behalf of Resources Rich, the Listco Share Offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by Resources Rich and parties acting in concert with it) on the following terms:

for each Share held HK\$1.23 in cash

The Listco Share Offer Price is equal to the price paid by Resources Rich for each Sale Share under the Share Sale Agreement. The Listco Share Offer Price represents:

- (i) a premium of approximately 0.82% over the closing price of HK\$1.22 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 6.96% over the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) premiums of approximately 13.89%, 16.04%, 14.95% and 14.95% over the average closing prices of approximately HK\$1.08, HK\$1.06, HK\$1.07 and HK\$1.07 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 515.00% over the unaudited pro forma net asset value of the Group of approximately HK\$0.20 per Share as at 31 March 2011 based on the unaudited pro forma net asset value of the Group of approximately HK\$54.0 million as set out in Appendix III to the Listco Composite Document and 273,610,000 Shares in issue as at the Latest Practicable Date.

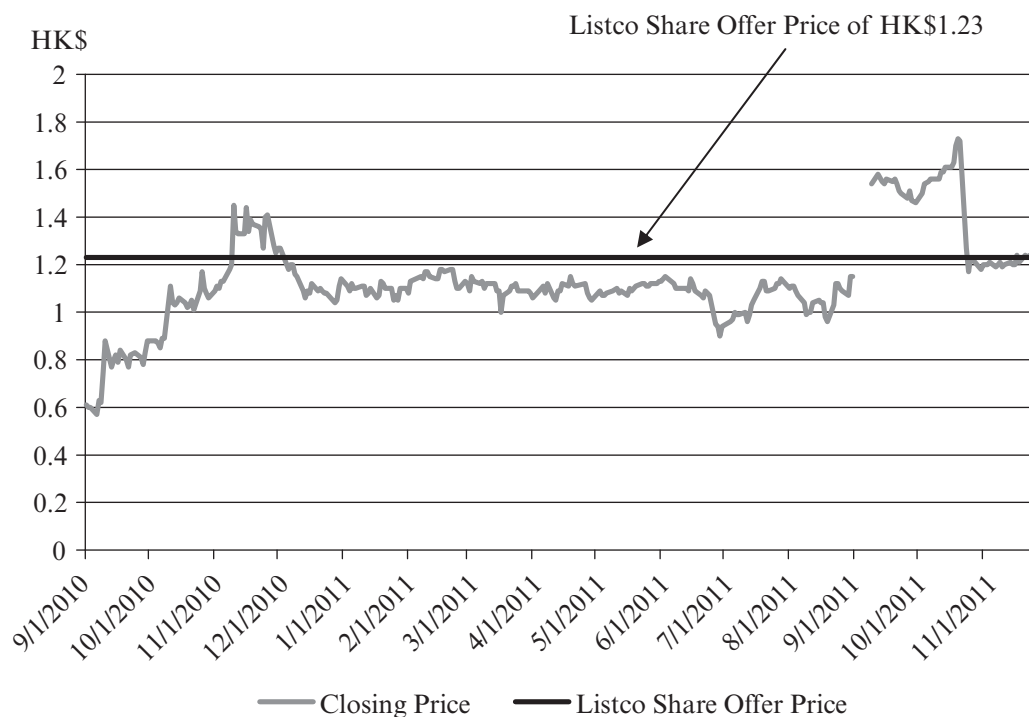
Further information of the Listco Share Offer, the making of the Listco Share Offer to the Independent Shareholders residing in overseas countries, taxation, acceptance and settlement procedures of the Listco Share Offer, are set out in the letter headed “Letter from Optima Capital” contained in and Appendix I to the Listco Composite Document.

4. Historical performance of the Shares

4.1 Share Price

We have reviewed the movements in the closing prices of the Shares for the period commencing from 1 September 2010 (being the first trading day of the month falling 12-month period prior to the Last Trading Day) up to the Latest Practicable Date (the “**Review Period**”). We are of the view that the Review Period being 12-month period prior to and including the Last Trading Day would provide us with the most recent relevant market information of the Shares. The closing prices of the Shares during the Review Period are set out below:

Chart A: The closing prices of the Shares during the Review Period



Source: website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares on the Stock Exchange was suspended on from 1 September 2011 to 8 September 2011 (both days inclusive).

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As illustrated in the chart above, the highest and lowest closing price of the Shares during the Review Period was HK\$1.73 per Share recorded on 20 October 2011 and HK\$0.57 per Share recorded on 6 September 2010 respectively. The Listco Share Offer Price represents a discount of approximately 28.90% to the highest closing price and a premium of approximately 115.79% over the lowest closing price of the Share. The average of the closing prices of the Shares during the Review Period was approximately HK\$1.13. The Listco Share Offer Price represents a premium of approximately 8.85% over such average closing price. The Independent Shareholder should note that the Listco Share Offer Price only reflects the price to be paid by Resources Rich to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Resources Rich and parties acting in concert with it) after the Group Reorganisation and the Distribution In Specie, but the closing prices as illustrated in the chart above reflect the value of the Group before the Group Reorganisation. We therefore consider a comparison of the Listco Share Offer Price against the historical closing prices prior to the Last Trading Day to be an imperfect reflection of the current value of the Company. The Shares commenced trading on an ex-entitlement basis for the Distribution In Specie on 24 October 2011 with the Share price closed at HK\$1.27, which was down by HK\$0.45 from the closing price of HK\$1.72 of 21 October 2011. While there may be no conclusive reason for the decrease in the closing price, such decrease was probably caused by the trading on an ex-entitlement basis.

The closing prices of the Shares were below the Listco Share Offer Price for most of the time during the Review Period. However, we note that after the Company published the announcement of positive profit alert on 8 October 2010 and announcement of interim results for the six months ended 30 September 2010 on 26 November 2010, the closing prices of the Shares were generally on an upward trend and were higher than the Listco Share Offer Price during the period from 10 November 2010 to 3 December 2010. From 1 September 2011 to 8 September 2011, the trading of the Shares was suspended as requested by the Company pending the release of the Joint Announcement. On 9 September 2011, being the first trading day of the Shares after the publication of the Joint Announcement, the closing prices of the Shares surged to HK\$1.54. The closing prices of the Shares were higher than the Listco Share Offer Price since that day to the Latest Practicable Date. As confirmed by the management of the Company, they were not aware of any event that was price sensitive in nature after the release of the Joint Announcement. Therefore, we believe that the surge in the closing price of the Shares upon the publication of the Joint Announcement, to a large extent, may likely due to the market speculation on the change in control of the Company as a result of the Share Sale Agreement and may reflect the investor's perception on the aggregate valuation of the Listco Share Offer and Privateco Offer as a whole.

For those Independent Shareholders who wish to realize their investment in the Shares are reminded that they should carefully and closely monitor the market price of the Shares during the offer period and consider selling their shares in the open market during the offer period, rather than accepting the Listco Share Offer, if the net proceeds from the sales of such Shares in the open market would exceed the net

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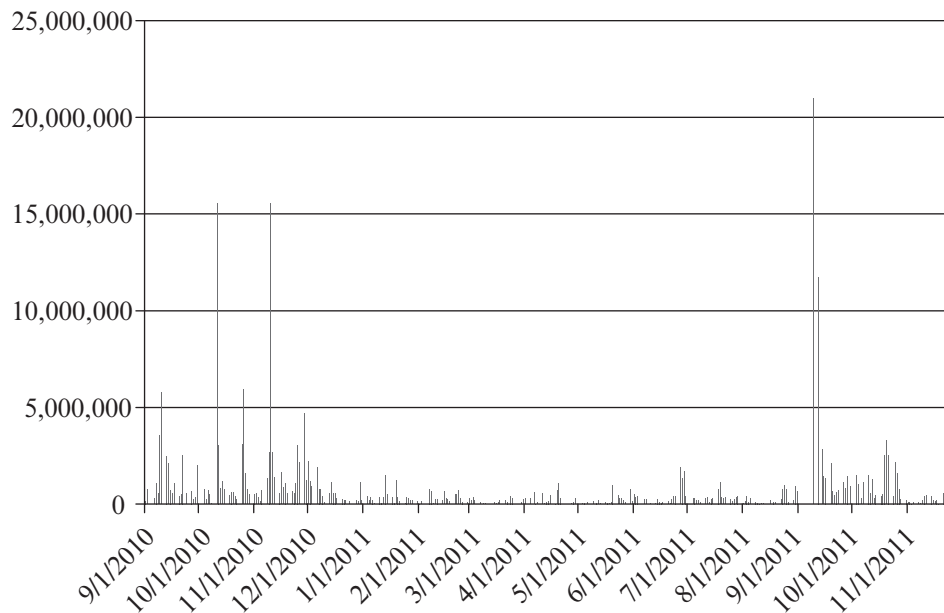
amount receivable under the Listco Share Offer. Accordingly, we consider that the Listco Share Offer provide an alternative exit to the Independent Shareholders to realise their investment in the Company at the Listco Share Offer Price.

Taking into account that (i) the closing prices of the Shares were below the Listco Share Offer Price for most of the time during the Review Period; and (ii) the Listco Share Offer provide an alternative exit to the Independent Shareholders to realise their investment in the Company at the Listco Share Offer Price, we are of the view that the Listco Share Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

4.2 Liquidity

The following chart sets out the daily trading volume of the Shares during the Review Period:

Chart B: Trading volume



Source: website of the Stock Exchange (www.hkex.com.hk)

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The following table sets out the trading volume, the average daily number of the Shares traded per month and the respective percentage daily volume compared with the issued share capital and the public float respectively during the Review Period.

			Percentage of average daily trading volume to total number of Shares in issue as at the Latest Practicable Date (Approximate %) (Note 2)	Percentage of average daily trading volume to total number of Shares held by public Shareholders as at the Latest Practicable Date (Approximate %) (Note 3)
	Total monthly trading volume (in number of shares)	Approximate average daily trading volume (in number of shares) (Note 1)		
2010				
September	26,448,000	1,259,429	0.46%	1.86%
October	37,767,000	2,098,167	0.77%	3.10%
November	44,111,000	2,005,045	0.73%	2.97%
December	13,860,000	630,000	0.23%	0.93%
2011				
January	7,372,000	351,048	0.13%	0.52%
February	5,862,000	325,667	0.12%	0.48%
March	3,040,000	132,174	0.05%	0.20%
April	5,214,000	289,667	0.11%	0.43%
May	4,216,000	210,800	0.08%	0.31%
June	9,048,000	430,857	0.16%	0.64%
July	6,695,000	334,750	0.12%	0.50%
August	6,337,000	275,522	0.10%	0.41%
September	47,186,000	3,370,429	1.23%	4.98%
October	22,894,000	1,144,700	0.42%	1.69%
November (up to and including the Latest Practicable Date)	3,476,000	182,947	0.07%	0.27%

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
2. Based on 273,610,000 Shares in issue as at the Latest Practicable Date.
3. Based on 67,618,000 Shares held by public Shareholders as at the Latest Practicable Date.

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As illustrated above, during the Review Period, the average daily trading volume of the Shares as a percentage of the average total issued Shares ranged from 0.05% to 1.23% while the average daily trading volume of the Shares as a percentage of the average total number of Shares held by the public ranged from 0.20% to 4.98%. It should be noted that the average daily turnover of the Shares during the Review Period was below 0.50% of the average total issued Shares and below 2.00% of the average public float except for the increase in the daily turnover for the months of October to November 2010 following the announcement of positive profit alert on 8 October 2010 and announcement of interim results for the six months ended 30 September 2010 on 26 November 2010 and recent increase in the daily turnover for September 2011 following the Joint Announcement.

In view of the general low liquidity of the Shares during the Review Period, we consider that there may not be sufficient liquidity in the Shares for the Independent Shareholders to dispose of their Shares in the open market at the Listco Share Offer Price. The Independent Shareholders would find it difficult to sell their Shares, especially in large blocks, without significantly depressing the price of the Shares. We therefore consider that the Listco Share Offer provides opportunities for the Independent Shareholders to realise their investments in the Company at a price above the average of historical market price of the Shares during the Review Period, without having an adverse impact on the Share price, which we consider to be fair and reasonable as elaborated above.

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5. Comparison with comparable companies

For the purpose of assessing the fairness and reasonableness of the value of the Group implied by the Listco Share Offer Price, we have identified three comparables (the “**Comparables**”) being companies listed on the Main Board of the Stock Exchange engaging in businesses similar to those of the Group, which are principally engaged in the manufacturing and sale of jewelry products for their latest financial year. The list of the Comparables is an exhaustive list and we consider that they are fair and representative comparables to the Group as (i) they are principally engaged in the manufacturing and sale of jewelry products; (ii) they have more than half of the total revenue derived from manufacturing and sale of jewelry products; and (iii) they have a majority of production plants and facilities in the PRC and/or material income generated from the PRC market. Details of our findings on the Comparables are summarized in the table below:

Company (stock code)	Principal activities	Closing price as at the Last Trading Day (being 31 August 2011) (HK\$)	Net asset value per share based on the latest audited published financial statements (HK\$)	P/E ratio (approximate times) (Note 1)	P/B ratio (approximate times) (Note 2)
Continental Holdings Ltd. (stock code: 513)	Design, manufacture, marketing and trading of fine jewellery and diamonds, and property investment and development	0.11	0.33	10.38	0.33
Ming Fung Jewellery Group Ltd. (stock code: 860)	Manufacture and sale of jewellery products	0.76	0.59	16.78	1.29
Man Sang International Ltd. (stock code: 938)	Purchasing, assembling, merchandising and wholesale distribution of pearls and jewelry products; property development and investment	0.51	1.11	11.43	0.46
Average				12.86	0.70
The Company	Design, manufacturing and wholesale of fine jewelry products in the PRC	1.23 (being the Listco Share Offer Price)	0.20 (Note 3)	820.00 (Note 4)	6.15 (Note 5)

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. P/E ratios of the Comparables are calculated based on their respective closing price per share as quoted on the Stock Exchange as at the Last Trading Day and their respective basic earnings per share for the latest financial year.
2. P/B ratios of the Comparables are calculated on their respective closing prices per share as quoted on the Stock Exchange as at the Last Trading Day and their respective audited consolidated net asset value as at the balance sheet date of their latest published audited financial statements, which is calculated by dividing the audited consolidated net assets by the total number of ordinary shares in issue of the respective Comparable.

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3. Calculated based on the unaudited pro forma net asset value of the Group of approximately HK\$54.0 million as at 31 March 2011 as set out in Appendix III to the Listco Composite Document and 273,610,000 Shares in issue at the Latest Practicable Date.
4. Calculated based on the Listco Share Offer Price of HK\$1.23 and the unaudited pro forma earnings per Share of the Group of approximately HK\$0.0015 for the financial year ended 31 March 2011 (the latter of which is calculated by dividing the unaudited pro forma profit of the Group for the financial year ended 31 March 2011 of approximately HK\$412,000 by 273,610,000 Shares in issue at the Latest Practicable Date).
5. Calculated based on the Listco Share Offer Price of HK\$1.23 and the unaudited pro forma net asset value of the Group as at 31 March 2011 of approximately HK\$0.20.

As set out in the above table, the P/E ratios of the Comparables range from 10.38 to 16.78 times with an average of 12.86 times. The P/B ratios of the Comparables ranged from 0.33 to 1.29 times with an average of 0.70 times. Each of the P/E ratio and P/B ratio implied by the Listco Share Offer Price is therefore materially higher than the average of the Comparables.

As stated above, the Group recorded insignificantly pro forma profit of approximately HK\$412,000 for the financial year ended 31 March 2011. As such, we are of the view that determination of valuation of companies including the Group which show low or minimal profitability shall be made reference to the P/B ratio, instead of the P/E ratio. As the implied P/B ratio of the Listco Share Offer Price (being approximately 6.15 times) is higher than the average P/B ratio of the Comparables, we consider that the Listco Share Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

6. Background and intention of Resources Rich

6.1 Information on Resources Rich

Resources Rich is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, save for the entering into of the Share Sale Agreement and the Share Charge, Resources Rich had not engaged in any other business activities. As at the Latest Practicable Date, the directors of Resources Rich were Mr. Hu Yangjun and Mr. Hu Yishi, and Resources Rich was held as to 50% by Mr. Hu Yangjun and as to 50% by Mr. Hu Yishi. Please refer to the letter headed “Letter from Optima Capital” contained in the Listco Composite Document for more information about it.

6.2 Intention of Resources Rich regarding the Group

As stated in the paragraph headed “Intention of Resources Rich regarding the Group” set out in the “Letter from Optima Capital” of the Listco Composite Document, Resources Rich intends to continue the principal business of the Group (i.e. the design, manufacturing and wholesale of fine jewelry products in the PRC). Resources Rich will conduct a review on 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. Subject to the result of the review and

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should suitable investment or business opportunities arise, Resources Rich may consider diversifying the business of the Group with an objective to broaden its income source. In view of the aforesaid, Resources Rich is of the view that the Listco Share Offer is in long-term commercial interest. However, as at the Latest Practicable Date, no such investment or business opportunities had been identified nor had Resources Rich entered into any agreement, arrangements, understandings, intention or negotiation in relation to injection of any assets or business into the Group. Notwithstanding the foregoing, as at the Latest Practicable Date, Resources Rich had not entered into any agreement, arrangement, intention or negotiation in relation to re-deployment of the employees, disposal and/or re-deployment of the fixed assets of the Group, or termination or scaling-down of any Group's business.

Resources Rich intends to maintain the listing status of the Company and it will irrevocably undertake that it will be responsible for maintaining the 25% public float requirement upon the closing of the Listco Share Offer.

RECOMMENDATION

Having considered the above and the principal reasons, and in particular that:

- (i) the closing prices of the Shares were below the Listco Share Offer Price for most of the time during the Review Period and the Listco Share Offer Price represents a premium of approximately 0.82% over the closing price on the Latest Practicable Date, a premium of approximately 6.96% over the closing price on the Last Trading Day and premiums of approximately 13.89%, 16.04%, 14.95% and 14.95% over the respective average of the closing prices for the 10, 20, 30 and 90 consecutive trading days up to and including the Last Trading Day;
- (ii) the Listco Share Offer Price represents a premium of approximately 515.00% over the unaudited pro forma net assets value of the Group as at 31 March 2011 of approximately HK\$0.20 per Share; and
- (iii) the overall liquidity of the Shares was relatively low during the Review Period, and the Independent Shareholders who intend to dispose of a large number of the Shares may not be able to do so without exerting a downward pressure on the price of the Shares while the Listco Share Offer will lead to an alternative exit to the Independent Shareholders to realise their investment,

we are of the opinion that the terms of the Listco Share Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to, and we recommend the Independent Shareholders to, accept the Listco Share Offer.

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In the event that the market price of the Shares exceeds the Listco Share Offer Price during the period while the Listco Share Offer is open and the sales proceeds (net of transaction costs) exceed the net amount receivable under the Listco Share Offer, Independent Shareholders should consider to sell their Shares in the open market if they are able to do so. Independent Shareholders are advised that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives. For those Independent Shareholders who wish to retain part or all of their shareholdings in the Company should note that the Group is principally engaged in the Remaining Businesses. Accordingly, those Independent Shareholders should carefully consider the future intentions of Resources Rich regarding the Group after the close of the Listco Share Offer, details of which are set out in the sub-section headed “Intention of Resources Rich regarding the Group” of this letter and in the letter from Optima Capital as set out in the Listco Composite Document. In any event, Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the offer period of the Listco Share Offer.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Kinson Li
Managing Director

Yours faithfully,
For and on behalf of
Veda Capital Limited
Hans Wong **Julisa Fong**
Chairman *Managing Director*

1. TERMS OF THE LISTCO SHARE OFFER

To accept the Listco Share Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Listco Share Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Listco Share Offer, you must send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of the Shares in respect of which you intend to accept the Listco Share Offer by post or by hand to the Registrar marked “**Noble Jewelry Share Offer**” on the envelope by no later than 4:00 p.m. on the Closing Date or such later time and/or date as Resources Rich may announce as a result of a revision or an extension of the Listco Share Offer, if any.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Listco Share Offer whether in full or in part of your Shares, you must either:
 - (i) instruct the nominee company to accept the Listco Share Offer on your behalf and request it to deliver the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar by no later than 4:00 p.m. on the Closing Date; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Listco Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Listco Share Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Listco Share Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Optima Capital and/or Resources Rich or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) Acceptance of the Listco Share Offer will be treated as valid only if the duly completed Form of Acceptance is received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as Resources Rich may determine in compliance with the requirements of the Takeovers Code and announce, and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Independent Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (g) The address of the Registrar is at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

2. ACCEPTANCE PERIOD AND REVISIONS

Unless the Listco Share Offer has previously been revised with the consent of the Executive, all Forms of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon.

If the Listco Share Offer is revised, the announcement of such revision will state the next Closing Date and the Listco Share Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the revision to the Independent Shareholders and, unless previously revised, shall close on the subsequent Closing Date. If Resources Rich revises the terms of the Listco Share Offer, all Independent Shareholders, whether or not they have already accepted the Listco Share Offer, will be entitled to accept the revised Listco Share Offer under the revised terms.

If the Closing Date is revised, any reference in the Listco Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Listco Share Offer as so revised.

3. ANNOUNCEMENTS

- (a) By 6:00 p.m. (or such later time and/or date as the Executive may in exceptional circumstances permit) on the Closing Date, Resources Rich must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Listco Share Offer. Resources Rich must publish an announcement on the Stock Exchange's website in accordance with the Listing Rules no later than 7:00 p.m. on the Closing Date stating whether the Listco Share Offer has been revised or extended or has expired.

The announcement will state the following:

- (i) the total number of Shares and rights over Shares (if any) for which acceptances of the Listco Share Offer have been received;
- (ii) the total number of Shares and rights over Shares (if any) held, controlled or directed by Resources Rich or parties acting in concert with it before the offer period (as defined under the Takeovers Code); and

- (iii) the total number of Shares and rights over Shares (if any) acquired or agreed to be acquired during the offer period by Resources Rich or parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which Resources Rich or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also specify the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, acceptances which are in all respects in complete and good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Listco Share Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Listco Share Offer will be made in accordance with the requirements of the Listing Rules.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Listco Share Offer tendered by the Independent Shareholders or by their agent(s) on their behalves shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If Resources Rich is unable to comply with the requirements set out in the paragraph headed “Announcements” above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Listco Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

5. SETTLEMENT

Provided that the Form of Acceptance and/or the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date for the acceptance of the Listco Share Offer, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Shares tendered by him/her or his/her agent(s) under the Listco Share Offer, less seller’s ad valorem stamp duty payable by him/her in the case for tendered Shares, will be despatched to each accepting Independent Shareholder by ordinary post at his/her own risk as soon as possible but in any event within 10 days from the date of receipt of duly completed acceptances by the Registrar.

Save for payment of stamp duty set out above, settlement of the consideration to which any Independent Shareholder is entitled under the Listco Share Offer will be implemented in full in accordance with the terms of the Listco Share Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which Resources Rich may otherwise be, or claim to be, entitled against such Independent Shareholder.

If the Listco Share Offer is withdrawn with the consent of the Executive in accordance with the Takeovers Code, Resources Rich shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the relevant Independent Shareholders who have tendered acceptances to the Listco Share Offer.

6. OVERSEAS SHAREHOLDERS

The making of the Listco Share Offer or the acceptance thereof by persons not being a resident of Hong Kong or with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions. It is the responsibility of any such persons who wish to accept the Listco Share Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required in compliance with all necessary formalities or legal requirements and the payment of any transfer or other taxes due by such accepting Independent Shareholders in respect of such jurisdiction. Any acceptance of the Listco Share Offer by any person will be deemed to constitute a representation and warranty from such person that the relevant local laws and requirements have been fully complied with by such person, and such acceptance shall be valid and binding in accordance with all applicable laws. Any such persons will be responsible for payment of any transfer and other applicable taxes or other governmental payments due by such persons. Independent Shareholders should consult their professional adviser if in doubt.

7. GENERAL

- (a) All communications, notices, Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Listco Share Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents through post at their own risk, and none of the Company, Resources Rich, Optima Capital, CIMB Securities (HK) Limited, the Registrar or any of their respective directors or agents or other parties involved in the Listco Share Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

- (b) The provisions set out in the Form of Acceptance form part of the terms of the Listco Share Offer.
- (c) The accidental omission to despatch the Listco Composite Document and/or the Form of Acceptance or any of them to any person to whom the Listco Share Offer is made will not invalidate the Listco Share Offer in any way.
- (d) The Listco Share Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to any director of Resources Rich, Optima Capital or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Listco Share Offer and to do any other act that may be necessary or expedient for the purposes of vesting in Resources Rich or such person or persons as it may direct the Shares, in respect of which such person has accepted the Listco Share Offer.
- (f) Acceptance of the Listco Share Offer by any person or persons will be deemed to constitute a warranty by such person or persons to Resources Rich and Optima Capital that the Shares held by such person or persons to be acquired under the Listco Share Offer are sold by any such person or persons free from all third party rights, liens, charges, equities, options, claims, adverse interests and encumbrances and together with all rights attaching thereto including the right to receive all dividends or other distributions declared, made or paid on the Shares on or after the date of this Listco Composite Document.
- (g) References to the Listco Share Offer in the Listco Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (h) Acceptance of the Listco Share Offer by any nominee will be deemed to constitute a warranty by such nominee to Resources Rich that the number of Shares in respect of which it is indicated in the relevant Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who are accepting the Listco Share Offer.
- (i) The English text of the Listco Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts in case of inconsistency.

1. FINANCIAL SUMMARY

Set out below is a summary of the results of the Former Group for each of the years ended 31 March 2009, 2010 and 2011 extracted from the accountants' report of the Former Group set out in Appendix II to the Circular.

	Year ended 31 March		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)
Turnover	<u>631,947</u>	<u>521,328</u>	<u>643,399</u>
Profit/(loss) before income tax	5,599	7,921	(6,009)
Income tax expense	<u>(4,269)</u>	<u>(4,870)</u>	<u>(4,405)</u>
Profit/(loss) for the year	<u>1,330</u>	<u>3,051</u>	<u>(10,414)</u>
Profit/(loss) attributable to:			
— Owners of the Company	1,330	3,140	(8,574)
— Non-controlling interests	<u>—</u>	<u>(89)</u>	<u>(1,840)</u>
	<u>1,330</u>	<u>3,051</u>	<u>(10,414)</u>
Dividends attributable to the year	<u>5,434</u>	<u>—</u>	<u>—</u>
Earnings/(loss) per share			
Basic and diluted (<i>HK cents</i>)	<u>0.49</u>	<u>1.16</u>	<u>(3.16)</u>
Dividend per share (<i>HK cents</i>)	<u>2.00</u>	<u>—</u>	<u>—</u>

Notes:

- (i) The auditors of the Company, BDO Limited, issued unqualified opinion in respect of the consolidated financial statements of the Company for each of the three years ended 31 March 2011.
- (ii) There were no extraordinary items or items which were exceptional because of size, nature or incidence recorded on the financial statements of the Company during each of the three years ended 31 March 2011.
- (iii) A reconciliation statement between (i) the consolidated results of the Former Group for the year ended 31 March 2011 and the consolidated statement of financial position of the Former Group as at 31 March 2011 contained in the accountants' report of the Former Group set out in Appendix II to the Circular; and (ii) the audited financial statements of the Former Group for the year ended 31 March 2011 contained in the annual report of the Former Group for the year ended 31 March 2011 is set out in the paragraph headed "2. Reconciliation statement" in this appendix.

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

Set out below is a summary of the unaudited interim results of the Former Group for each of the six months ended 30 September 2010 and 2011 extracted from the interim report of the Company for the six months ended 30 September 2011.

	Six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Continuing operations:		
Turnover	<u>39,871</u>	<u>22,017</u>
Profit before income tax	3,395	516
Income tax expense	<u>4</u>	<u>—</u>
Profit for the period from continuing operations	3,399	516
Discontinued operations:		
Turnover	<u>330,193</u>	<u>313,720</u>
Profit before income tax	11,580	12,975
Income tax expense	<u>(3,152)</u>	<u>(2,842)</u>
Profit for the period from discontinued operations	<u>8,428</u>	<u>10,133</u>
Profit for the period	<u>11,827</u>	<u>10,649</u>
Profit attributable to:		
— Owners of the Company	11,827	11,460
— Non-controlling interests	<u>—</u>	<u>(811)</u>
	<u>11,827</u>	<u>10,649</u>
Dividends attributable to the period	<u>—</u>	<u>—</u>
Earnings per share attributable to owners of the Company		
For continuing and discontinued operations		
Basic and diluted (<i>HK cents</i>)	<u>4.34</u>	<u>4.22</u>
For continuing operations		
Basic and diluted (<i>HK cents</i>)	<u>1.25</u>	<u>0.19</u>
Dividends per share (<i>HK cents</i>)	<u>—</u>	<u>—</u>

Note:

- (i) There were no extraordinary items or items which were exceptional because of size, nature or incidence recorded on the financial statements of the Company during each of the six months ended 30 September 2010 and 2011.

2. RECONCILIATION STATEMENT

Set out below is a reproduction of the reconciliation statement, as contained in the Circular, of the consolidated results of the Former Group for the year ended 31 March 2011 and the consolidated statement of financial position of the Former Group as at 31 March 2011 contained in the accountants' report of the Former Group set out in Appendix II to the Circular (the "Accountants' Report") to the audited financial statements of the Former Group for the year ended 31 March 2011 contained in the annual report of the Former Group for the year ended 31 March 2011 (the "2011 Annual Report"), prepared based on the statement of adjustments issued by BDO Limited, the reporting accountants of the Company in respect of the Accountants' Report. Capitalised terms used in this section shall have the same meanings as those defined in the Circular.

	"Profit attributable to owners of the Company for the year ended 31 March 2011 HK\$'000	Equity attributable to owners of the Company as at 31 March 2011 HK\$'000
Per audited financial statements in the 2011 Annual Report	7,613	275,326
Adjustment in respect of settlement of disputes on custom duty for shipments to the United States (<i>Note</i>)	<u>(16,187)</u>	<u>(16,187)</u>
Per Accountants' Report	<u><u>(8,574)</u></u>	<u><u>259,139</u></u>

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. In the 2011 Annual Report, this event was considered as contingent liability and disclosed in the notes to the financial statements, and 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 in August 2011, which was subject to agreement on other terms of the settlement. Accordingly, the Group made an additional provision of HK\$16,187,000 for this dispute. Such additional provision is an obligation that arose from past events and therefore is recognised in the accountants' report in the form of statement of adjustment to the underlying financial statements of the Group for the year ended 31 March 2011."

As set out above, the Group reached a final settlement with the US Customs Service for the dispute (the “Dispute”) on custom duty for shipments to the United States in August 2011. The additional provision of HK\$16,187,000 for the Dispute was reflected in note 6 to the consolidated statement of comprehensive income of the interim report of the Company for the six months ended 30 September 2011. For further details, please refer to the paragraph headed “4. Unaudited interim results for the six months ended 30 September 2011” in this appendix.

As the accountants’ report for the Company for the three years ended 31 March 2011, which is set out in the Appendix II to the Circular, was issued after August 2011, the additional provision for the Dispute was made to the financial statements for the year ended 31 March 2011 in the Accountants’ Report to reflect new information available to the Company.

3. AUDITED FINANCIAL INFORMATION ON THE FORMER GROUP

Reproduced below is the accountants' report from BDO Limited on the audited financial information on the Former Group contained in Appendix II to the Circular. Capitalised terms used in this section shall have the same meanings as those defined in the accountants' report.



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永安中心25樓

30 September 2011

The Directors

Noble Jewelry Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) of Noble Jewelry Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), including the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 March 2009, 2010 and 2011 (the “Relevant Periods”), and the consolidated and company statements of financial position of the Group as at 31 March 2009, 2010 and 2011, together with explanatory notes thereon, for inclusion in the circular of the Company dated 30 September 2011 (the “Circular”) in connection with the proposed (1) group reorganisation of the Company (the “Group Reorganisation”) and (2) distribution in specie of the shares of Noble Jewelry Investment Limited (the “Distribution In Specie”).

The Company is a limited liability company incorporated in the Cayman Islands, as an exempted company under the Companies Law of the Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is at Flat M, 12/F, Phase 3, Kaiser Estate, 11 Hok Yuen Street, Hung Hom, Kowloon, Hong Kong. During the Relevant Periods, the Company is an investment holding company. Its subsidiaries are principally engaged in the design, manufacture and trading of fine jewelry products.

APPENDIX II

FINANCIAL INFORMATION OF THE FORMER GROUP

As at the date of this report, the particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
				directly	indirectly	
Noble Jewelry (BVI) Limited	British Virgin Islands 2 June 2006	Hong Kong	US\$20,000	—	100%	Investment holding
Farwin Limited	Hong Kong 22 June 2001	Hong Kong	HK\$10,000	—	100%	Acting as purchase agent
Noble Jewelry (Overseas) Limited	Mauritius 8 May 1996	Hong Kong	US\$100,000	—	100%	Investment holding
Noble Jewelry Limited	Hong Kong 9 June 1992	Hong Kong	HK\$1,000,000	—	100%	Design, manufacture and trading of jewelry
Full Fame International Limited	British Virgin Islands 10 August 2010	Hong Kong	US\$100	—	100%	Processing of jewelry
Grandpower Holdings Limited	British Virgin Islands 2 January 2001	Hong Kong	US\$1	—	100%	Investment holding
G.P. Wedding Etiquette Services Limited	Hong Kong 3 December 2009	Hong Kong	HK\$10,000	—	67.33%	Investment holding
廣州芝柏婚禮儀服務有限公司 (translated as Guangzhou G.P. Wedding Etiquette Services Limited)	PRC 17 March 2010	PRC	HK\$8,000,000	—	67.33%	Providing wedding etiquette services
廣州市億鑽珠寶有限公司 (translated as Guangzhou Yizuan Jewelry Co., Ltd)	PRC 12 April 2004	PRC	HK\$26,000,000	—	100%	Processing of jewelry
上海億炫珠寶有限公司 (translated as Shanghai Yixuan Jewelry Limited)	PRC 4 December 2008	PRC	RMB5,500,000	—	100%	Design and trading of jewelry
廣州穗富珠寶有限公司 (translated as Guangzhou Huifu Jewelry Limited)	PRC 29 March 2010	PRC	HK\$3,898,519	—	51%	Trading of jewelry
Noble Gold and Diamond Trading Limited	Hong Kong 8 August 2005	Hong Kong	HK\$10,000	—	100%	Trading of jewelry
Chad Allison Corporation	The State of Delaware, the U.S. 24 March 2006	U.S.	US\$2,000	—	100%	Design and trading of jewelry
NJUK Limited	United Kingdom 23 January 2001	United Kingdom	£1	—	100%	Trading of jewelry
Noble Jewelry Limited	The State of New York, the U.S. 30 September 2005	U.S.	US\$100,000	—	100%	Trading of jewelry
Topwin Trading Limited	Hong Kong 15 April 2005	Hong Kong	HK\$2	—	100%	Trading of jewelry
N.A. Marketing Limited	British Virgin Islands 15 May 2009	Hong Kong	US\$20,000	—	92.5%	Investment holding

Name	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
				directly	indirectly	
N.A. Marketing Limited	The State of Texas, the U.S. 6 May 2009	U.S.	US\$3,500	—	92.5%	Trading of jewelry
First Corporate International Limited	British Virgin Islands 12 July 2011	Hong Kong	US\$1	100%	—	Investment holding
Sinoble Jewelry Limited	Hong Kong 5 July 2006	Hong Kong	HK\$1	—	100%	Investment holding and trading of jewelry
廣州億恒珠寶有限公司 (translated as Guangzhou Sinoble Jewelry Limited)	PRC 17 October 2006	PRC	HK\$54,500,000	—	100%	Manufacturing and trading of jewelry
Noble Jewelry Investment Limited	Bermuda 16 September 2011	Hong Kong	HK\$2,736,100	100%	—	Investment holding

The consolidated financial statements of the Group for the Relevant Periods were audited by BDO Limited and were conducted in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Financial Information has been prepared based on the audited consolidated financial statements of the Group for the Relevant Periods which are prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA, after making such adjustments as we consider necessary to adjust the audited consolidated financial statements in preparing our report for inclusion in the Circular. For the purpose of this report, we have examined the Financial Information for the Relevant Periods in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

The directors of the Company (the “Directors”) are responsible for the preparation of the Financial Information. The Directors are responsible for the contents of the Circular in which this report is included. It is our responsibility to form an independent opinion, based on our examination on the Financial Information for the Relevant Periods, and to report an opinion to you.

In our opinion, the Financial Information prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA, for the purpose of this report, gives a true and fair view of the state of affairs of the Group as at 31 March 2009, 2010 and 2011 and of the consolidated results and cash flows of the Group for the Relevant Periods.

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

Consolidated Statement of Comprehensive Income

		Year ended 31 March		
		2009	2010	2011
	Notes	HK\$'000	HK\$'000	HK\$'000
Turnover	6	631,947	521,328	643,399
Cost of sales		<u>(484,346)</u>	<u>(383,409)</u>	<u>(491,673)</u>
Gross profit		147,601	137,919	151,726
Other revenue	6	3,657	2,454	7,941
Distribution costs		(35,254)	(35,942)	(43,587)
Administrative expenses		(109,378)	(91,359)	(119,973)
Other gains and losses	7	15,429	556	339
Finance costs	9	(10,315)	(5,371)	(6,473)
Share of (loss)/profit of associates, net		<u>(6,141)</u>	<u>(336)</u>	<u>4,018</u>
Profit/(loss) before income tax	8	5,599	7,921	(6,009)
Income tax expense	10	<u>(4,269)</u>	<u>(4,870)</u>	<u>(4,405)</u>
Profit/(loss) for the year		<u>1,330</u>	<u>3,051</u>	<u>(10,414)</u>
Other comprehensive income				
Surplus on revaluation of leasehold land and buildings		—	—	6,837
Exchange differences on translating foreign operations		1,307	812	2,597
Amounts reclassified to initial carrying amount of hedged items		<u>4,327</u>	<u>—</u>	<u>—</u>
Other comprehensive income for the year, net of tax		<u>5,634</u>	<u>812</u>	<u>9,434</u>
Total comprehensive income/(loss) for the year		<u><u>6,964</u></u>	<u><u>3,863</u></u>	<u><u>(980)</u></u>

		Year ended 31 March		
		2009	2010	2011
	Notes	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) attributable to:				
— Owners of the Company		1,330	3,140	(8,574)
— Non-controlling interests		<u>—</u>	<u>(89)</u>	<u>(1,840)</u>
		<u>1,330</u>	<u>3,051</u>	<u>(10,414)</u>
Total comprehensive income attributable to:				
— Owners of the Company		6,964	3,952	860
— Non-controlling interests		<u>—</u>	<u>(89)</u>	<u>(1,840)</u>
		<u>6,964</u>	<u>3,863</u>	<u>(980)</u>
Earnings/(loss) per share				
Basic and diluted (<i>HK cents</i>)	16	<u>0.49</u>	<u>1.16</u>	<u>(3.16)</u>

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

Consolidated Statements of Financial Position

		As at 31 March		
		2009	2010	2011
	Notes	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	17	49,004	51,240	93,636
Associates	19	62,874	63,510	75,167
Deposits		1,257	1,026	—
Intangible assets	20	—	—	—
Other assets	21	—	2,110	2,161
Deferred tax assets	29	1,105	1,041	—
		<u>114,240</u>	<u>118,927</u>	<u>170,964</u>
Current assets				
Inventories	22	250,615	264,181	359,810
Accounts receivable	23	107,255	103,683	132,988
Other receivables, deposits and prepayments		15,756	28,803	15,810
Amounts due from related parties	37(c)	8,700	20,747	15,866
Cash at banks and in hand	24	14,344	27,461	14,303
		<u>396,670</u>	<u>444,875</u>	<u>538,777</u>
Current liabilities				
Borrowings	25	160,113	144,169	258,064
Accounts payable	26	47,461	112,350	112,794
Other payables and accrued charges		43,681	45,636	74,911
Amounts due to related parties	37(c)	4,363	1,066	389
Obligations under finance leases	27	119	40	—
Derivative financial instruments	28	—	120	31
Tax payables		806	1,331	3,396
		<u>256,543</u>	<u>304,712</u>	<u>449,585</u>
Net current assets		<u>140,127</u>	<u>140,163</u>	<u>89,192</u>
Total assets less current liabilities		<u>254,367</u>	<u>259,090</u>	<u>260,156</u>
Non-current liabilities				
Deferred tax liabilities	29	—	—	1,017
Obligations under finance leases	27	40	—	—
		<u>40</u>	<u>—</u>	<u>1,017</u>
NET ASSETS		<u>254,327</u>	<u>259,090</u>	<u>259,139</u>

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

		As at 31 March		
		2009	2010	2011
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity				
Share capital	30	2,717	2,717	2,717
Reserves	32	<u>251,610</u>	<u>255,562</u>	<u>256,422</u>
Equity attributable to owners of the Company		254,327	258,279	259,139
Non-controlling interests		<u>—</u>	<u>811</u>	<u>—</u>
TOTAL EQUITY		<u><u>254,327</u></u>	<u><u>259,090</u></u>	<u><u>259,139</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

Statement of Financial Position

		As at 31 March		
		2009	2010	2011
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets				
Interests in subsidiaries	18	<u>231,430</u>	<u>231,342</u>	<u>230,789</u>
Current assets				
Cash at banks and in hand		<u>132</u>	<u>131</u>	<u>130</u>
Current liabilities				
Other payables and accrued charges		<u>40</u>	<u>239</u>	<u>238</u>
Net current assets/(liabilities)		<u>92</u>	<u>(108)</u>	<u>(108)</u>
NET ASSETS		<u>231,522</u>	<u>231,234</u>	<u>230,681</u>
Equity				
Share capital	30	2,717	2,717	2,717
Reserves	32	<u>228,805</u>	<u>228,517</u>	<u>227,964</u>
TOTAL EQUITY		<u>231,522</u>	<u>231,234</u>	<u>230,681</u>

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								Total	Non-controlling interests	Total
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Revaluation reserve HK\$'000	Exchange reserve HK\$'000	Hedging reserve HK\$'000	Retained profits HK\$'000			
At 1 April 2008	2,717	79,836	1,593	1,445	31,634	6,318	(4,327)	149,883	269,099	—	269,099
Profit or loss	—	—	—	—	—	—	—	1,330	1,330	—	1,330
Other comprehensive income	—	—	—	—	—	1,307	4,327	—	5,634	—	5,634
Transfer between reserves upon disposal of property	—	—	—	—	(31,634)	—	—	31,634	—	—	—
Total comprehensive income for the year	—	—	—	—	(31,634)	1,307	4,327	32,964	6,964	—	6,964
Dividends paid (Note 15)	—	—	—	—	—	—	—	(21,736)	(21,736)	—	(21,736)
At 31 March 2009	2,717	79,836	1,593	1,445	—	7,625	—	161,111	254,327	—	254,327
Profit or loss	—	—	—	—	—	—	—	3,140	3,140	(89)	3,051
Other comprehensive income	—	—	—	—	—	812	—	—	812	—	812
Total comprehensive income for the year	—	—	—	—	—	812	—	3,140	3,952	(89)	3,863
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	—	900	900
At 31 March 2010	2,717	79,836	1,593	1,445	—	8,437	—	164,251	258,279	811	259,090
Profit or loss	—	—	—	—	—	—	—	(8,574)	(8,574)	(1,840)	(10,414)
Other comprehensive income	—	—	—	—	6,837	2,597	—	—	9,434	—	9,434
Total comprehensive income for the year	—	—	—	—	6,837	2,597	—	(8,574)	860	(1,840)	(980)
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	—	1,029	1,029
At 31 March 2011	2,717	79,836	1,593	1,445	6,837	11,034	—	155,677	259,139	—	259,139

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

Consolidated Statement of Cash Flows

	Year ended 31 March		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities			
Profit/(loss) before income tax	5,599	7,921	(6,009)
Adjustments for:			
Share of loss/(profit) of associates, net	6,141	336	(4,018)
Depreciation of property, plant and equipment	5,309	5,709	10,422
Impairment of other intangible assets	2,697	—	—
Provision for bad and doubtful debts, net	2,094	4,524	1,195
(Reversal of write-down)/write-down of inventories	(270)	139	318
Gain on disposal of leasehold land and buildings reclassified as held for sale	(13,406)	—	—
(Gain)/loss on disposal of property, plant and equipment	(1,238)	8	—
Gain on disposal of a subsidiary	(5)	—	—
Write-off of amounts due from related parties	—	548	—
Net fair value losses of forward foreign currency contracts and interest rate swap contract that do not qualifying as hedges	—	120	31
Bank interest income	(537)	(64)	(449)
Interest expenses	<u>7,415</u>	<u>3,777</u>	<u>4,878</u>
Operating cash flows before working capital	13,799	23,018	6,368
Decrease/(increase) in inventories	56,387	(13,968)	(96,763)
Decrease/(increase) in accounts receivable	27,088	(952)	(30,500)
Decrease/(increase) in other receivables, deposits and prepayments	745	(13,047)	12,993
Decrease/(increase) in amounts due from related parties	3,909	(12,595)	4,881
(Decrease)/increase in accounts payable	(91,830)	64,889	444
(Decrease)/increase in other payables and accrued charges	(3,855)	1,955	29,275
Decrease in amounts due to related parties	(524)	(3,297)	(677)
Effect of change in foreign exchange rate	<u>3,881</u>	<u>(110)</u>	<u>2,795</u>
Cash generated from/(used in) operations	9,600	45,893	(71,184)
Income tax paid	(7,399)	(4,281)	(2,381)
Interest element of finance lease payments	(13)	(13)	(1)
Interest paid	<u>(7,402)</u>	<u>(3,764)</u>	<u>(4,877)</u>
Net cash (used in)/generated from operating activities	<u>(5,214)</u>	<u>37,835</u>	<u>(78,443)</u>

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

	Year ended 31 March		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from investing activities			
Proceeds from disposal of leasehold land and buildings reclassified as held for sale	60,175	—	—
Proceeds from disposal of property, plant and equipment	4,062	44	106
Payments to acquire property, plant and equipment	(14,613)	(7,536)	(41,855)
Payments for acquisition of other assets	—	(2,110)	—
Capital contribution from non-controlling shareholders	—	900	1,029
Acquisition of associates	(32,642)	—	(8,619)
Payments for investments in associates	(5,728)	—	—
Deposits paid for acquisition of non-current assets	(1,257)	—	—
Disposal of a subsidiary (<i>Note 33</i>)	10	—	—
Interest received	537	64	449
	<u>10,544</u>	<u>(8,638)</u>	<u>(48,890)</u>
Net cash generated from/(used in) investing activities			
	<u>10,544</u>	<u>(8,638)</u>	<u>(48,890)</u>
Cash flows from financing activities			
(Decrease)/increase in trust receipts and other loans	(42,864)	5,197	69,647
Release of pledged bank deposits	1,098	—	—
Repayment of finance lease obligations	(119)	(119)	(40)
New bank loans raised	128,175	66,487	49,506
Repayment of bank loans	(94,685)	(81,180)	(10,191)
Dividends paid	(21,736)	—	—
	<u>(30,131)</u>	<u>(9,615)</u>	<u>108,922</u>
Net cash (used in)/generated from financing activities			
	<u>(30,131)</u>	<u>(9,615)</u>	<u>108,922</u>
Net (decrease)/increase in cash and cash equivalents			
	<u>(24,801)</u>	<u>19,582</u>	<u>(18,411)</u>
Effect of change in foreign exchange rate			
	<u>(138)</u>	<u>(17)</u>	<u>320</u>
Cash and cash equivalents at beginning of year			
	<u>32,826</u>	<u>7,887</u>	<u>27,452</u>
Cash and cash equivalents at end of year			
	<u>7,887</u>	<u>27,452</u>	<u>9,361</u>
Analysis of the balances of cash and cash equivalents			
Cash at banks and in hand	14,344	27,461	14,303
Less: Bank overdrafts	(6,457)	(9)	(4,942)
	<u>7,887</u>	<u>27,452</u>	<u>9,361</u>

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Noble Jewelry Holdings Limited (the “Company”) was incorporated and registered as an exempted company with limited liability on 25 August 2006 under the Companies Law of the Cayman Islands and acts as an investment company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are Flat M, 12/F., Phase 3, Kaiser Estate, 11 Hok Yuen Street, Hung Hom, Kowloon, Hong Kong. The principal activities of its subsidiaries are set out in note 18.

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

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Group has adopted all the new/revised HKFRSs issued by HKICPA, which are effective for the Group’s financial year beginning on 1 April 2010, consistently throughout the Relevant Periods, where appropriate.

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
Amendments to HK(IFRIC) — Interpretation 14	Repayments of a Minimum Funding Requirement ¹
HKAS 24 (Revised)	Related Party Disclosures ¹
Amendments to HKFRS 7	Disclosure — Transfers of Financial Assets ²
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets ³
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁴
HKAS 19 (2011)	Employee Benefits ⁵
HKAS 27 (2011)	Separate Financial Statements ⁵
HKAS 28 (2011)	Investments in Associates and Joint Ventures ⁵
HKFRS 9	Financial Instruments ⁵
HKFRS 10	Consolidated Financial Statements ⁵
HKFRS 11	Joint Arrangements ⁵
HKFRS 12	Disclosure of Interests in Other Entities ⁵
HKFRS 13	Fair Value Measurement ⁵

Effective date:

- (1) Annual periods beginning on or after 1 January 2011
- (2) Annual periods beginning on or after 1 July 2011
- (3) Annual periods beginning on or after 1 January 2012
- (4) Annual periods beginning on or after 1 July 2012
- (5) Annual periods beginning on or after 1 January 2013

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

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

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

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

3. BASIS OF PREPARATION

(a) Statement of compliance

The Financial Information 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 Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

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

(c) Functional and presentation currency

The Financial Information 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 Financial Information comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the Financial Information. 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 Relevant Periods are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Business combination from 1 April 2010

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

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

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

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

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

Business combination prior to 1 April 2010

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

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

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

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

(b) Subsidiaries

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

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

(c) Associates

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

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

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

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

(d) Property, plant and equipment

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

Any revaluation increase arising on the revaluation of such properties is recognised in other comprehensive income and accumulated in equity under revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the

increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such properties is charged to profit or loss to the extent that it exceeds the balance, if any held in the revaluation reserve relating to a previous revaluation of that asset.

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

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

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

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

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

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

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

(e) Impairment of assets

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

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

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

(f) Inventories

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

(g) Financial instruments

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

(i) Financial assets

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

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

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

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

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

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

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

Effective interest method

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

Derecognition of financial assets

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

(ii) Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Equity instruments

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

Financial liabilities

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

Effective interest method

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

Derecognition of financial liabilities

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

(h) Derivative financial instruments

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

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

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

(i) Leases

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

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

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

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

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

(j) Provisions and contingent liabilities

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

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

(k) Taxation

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

(i) Current tax

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

(ii) Deferred tax

Deferred tax liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. However, such assets and liabilities are not recognised if the temporary difference arises from

goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Taxation rates enacted or substantively enacted by the end of reporting period are used to determine deferred taxation.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

(I) Foreign currencies

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (“foreign currencies”) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting Financial Information, the assets and liabilities of the Group’s foreign operations are expressed in Hong Kong dollars using exchange rates prevailing on the end of reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly, in which case the exchange rates at the dates of the transactions are

used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under exchange reserve. Exchange differences on monetary items such as receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, reclassified from profit or loss to equity under exchange reserve. These translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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

(m) Employees' benefits

(i) Short term benefits

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

(ii) Pension obligations

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

(n) Share-based payments

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

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

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

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

(o) Borrowing costs

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

(p) Related parties

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

(q) Revenue recognition

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

- (i) Revenue from the sale of products is recognised when the Group entity has delivered goods to the customer which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.
- (ii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding using the effective interest method.
- (iii) Revenue for providing services is recognised to the extent of services rendered and according to the terms of the agreement.
- (iv) Rental income from operating leases is recognised on straight-line basis over the terms of relevant lease.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(a) Useful lives of property, plant and equipment

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

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

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

(c) Impairment of accounts and other receivables

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

(d) Sales return provision

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

(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 Relevant Periods are analysed as follows:

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Turnover			
Sales	631,947	521,328	643,399
Other revenue			
Sundry income	1,398	1,980	5,163
Income from wedding etiquette services	—	—	1,929
Bank interest income	537	64	449
Management fee income	357	333	400
Income from sale of raw materials	1,365	77	—
	3,657	2,454	7,941
Total revenue	635,604	523,782	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.

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

	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Wholesale business	592,134	483,454	585,818
Retail and brand business	39,813	14,672	29,238
Sales network collaboration	—	23,202	28,343
	<u>631,947</u>	<u>521,328</u>	<u>643,399</u>

(c) Geographical information

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

	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
i) Turnover			
— Europe	173,598	163,326	165,148
— The Middle East	183,190	121,477	164,991
— America	104,057	84,079	111,695
— The People's Republic of China, other than Hong Kong ("PRC")	58,043	41,083	63,475
— Japan	30,889	27,047	29,173
— Hong Kong	20,925	10,405	17,153
— Africa	24,781	15,009	16,167
— Others	36,464	58,902	75,597
	<u>631,947</u>	<u>521,328</u>	<u>643,399</u>
ii) Additions to property, plant and equipment			
— Hong Kong	50	336	29,523
— PRC	21,923	6,621	12,181
— America	120	806	151
— Others	—	4	—
	<u>22,093</u>	<u>7,767</u>	<u>41,855</u>
iii) Segment assets			
— Hong Kong	301,754	335,359	443,659
— PRC	112,130	127,553	165,639
— America	63,417	58,921	65,434
— Europe	30,511	35,172	30,241
— Japan	1,919	5,657	4,694
— The Middle East	74	99	74
	<u>509,805</u>	<u>562,761</u>	<u>709,741</u>

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(d) Information about major customers

During the Relevant Periods, none of the customers had entered into transactions exceeding 10% of the Group's revenues.

7. OTHER GAINS AND LOSSES

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Fair value gains/(losses) on derivative financial instruments:			
Forward foreign currency contracts and interest rate swap contract that do not qualify as hedges	—	(120)	(31)
Gain/(loss) on settlement of forward foreign currency contracts upon maturity	<u>575</u>	<u>397</u>	<u>(1,781)</u>
Net gains/(losses) on derivatives	575	277	(1,812)
Exchange gains, net	—	756	2,049
Gain/(loss) on disposal of property, plant and equipment	1,238	(8)	—
Write-off of amounts due from related parties	—	(548)	—
Gain on disposal of leasehold land and buildings reclassified as held for sale	13,406	—	—
Gain on disposal of a subsidiary	5	—	—
Others	<u>205</u>	<u>79</u>	<u>102</u>
	<u>15,429</u>	<u>556</u>	<u>339</u>

8. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Cost of inventories expensed (<i>note 22</i>)	484,346	383,409	491,673
Staff costs (including directors' remuneration) (<i>note 11</i>)	108,793	84,538	94,194
Depreciation of property, plant and equipment	5,309	5,709	10,422
Auditor's remuneration	1,201	1,415	1,374
Provision for custom duty under-provided in prior years and related damages and penalties (<i>Note</i>)	—	3,170	26,667
Provision for bad and doubtful debts, net (<i>note 23(d)</i>)	2,094	4,524	1,195
Bad debts written off	4,491	85	1,999
Exchange gains/(losses), net	8,782	(756)	(2,049)
Impairment of other intangible assets	2,697	—	—

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 the purchases from the Group's wholly-owned subsidiary in prior years. After 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

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proposed in August 2011, which is subject to agreement on other terms of the settlement. Accordingly, the Group made a full provision of HK\$29,837,000 for the above at the end of Relevant Periods.

9. FINANCE COSTS

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Interest on borrowings			
— Wholly repayable within five years	7,402	3,764	4,830
— Not wholly repayable within five years	—	—	47
	7,402	3,764	4,877
Finance lease charges	13	13	1
Bank charges	2,900	1,594	1,595
	10,315	5,371	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 repayments dates set out in the loan agreements.

10. INCOME TAX EXPENSE

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

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Current tax — Hong Kong profits tax			
— provision for the year	3,365	2,955	5,333
— under/(over) provision in respect of prior years	419	283	(939)
Current tax — overseas			
— provision for the year	216	56	62
— under/(over) provision in respect of prior years	468	1,512	(10)
	4,468	4,806	4,446
Deferred tax (<i>note 29</i>)			
— attributable to the origination and reversal of temporary differences	(199)	64	(41)
	4,269	4,870	4,405

(i) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the Relevant Periods.

(ii) PRC enterprise income tax

廣州億恆珠寶有限公司 is a wholly foreign-owned enterprise operated in the PRC with applicable tax rate of 25%. It is entitled to two-year tax exemption for 2007 and 2008 and three-year 50% tax relief for 2009 to 2011.

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

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

(iii) Overseas income tax

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

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

The share of tax charge attributable to associates, amounted to HK\$40,000, HK\$1,165,000 and HK\$2,074,000 for the years ended 31 March 2009, 2010 and 2011 respectively and is included in “Share of (loss)/profit of associates, net” on the face of the consolidated statements of comprehensive income.

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

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Profit/(loss) before income tax	<u>5,599</u>	<u>7,921</u>	<u>(6,009)</u>
Calculated at tax rate of 16.5%	924	1,307	(991)
Tax effect on offshore income and expenditures not subject to Hong Kong profits tax	(5,183)	(2,634)	(4,431)
Tax effect of expenses not deductible for taxation purposes	2,889	238	4,368
Tax effect of non-taxable items	(94)	97	(124)
Tax effect of share of loss/(profit) of associates	1,033	55	(663)
Tax effect on unused tax losses not recognised	4,278	3,594	7,936
Effect of different tax rates of subsidiaries operating in other jurisdictions	24	567	(826)
Under/(over) provision in prior years	887	1,795	(949)
Tax exemption	(718)	—	—
Others	<u>229</u>	<u>(149)</u>	<u>85</u>
Income tax expense	<u>4,269</u>	<u>4,870</u>	<u>4,405</u>

- (c) In addition to the amount charged to the profit or loss, deferred tax relating to the revaluation of the Group's certain leasehold land and buildings during the year 2011 has been charged to other comprehensive income.

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11. STAFF COSTS

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Staff costs (including directors) comprise:			
Wages and salaries	102,669	80,850	89,930
Pension contributions (<i>note 13</i>)	735	470	123
Social security costs (<i>note 13</i>)	5,389	3,218	4,141
	<u>108,793</u>	<u>84,538</u>	<u>94,194</u>

12. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

	Fees HK\$'000	Basic salaries, allowance and other benefits HK\$'000	Bonus* HK\$'000	Contributions to retirement benefit scheme HK\$'000	Total HK\$'000
Year ended 31 March 2009					
<u>Executive directors</u>					
Chan Yuen Hing	—	8,351	—	12	8,363
Tang Chee Kwong	—	1,910	700	12	2,622
Chan Lai Yung	—	592	58	12	662
Yu Yip Cheong	—	830	508	12	1,350
Chan Wing Nang (i)	—	735	100	7	842
Tsang Wing Ki (i)	—	478	65	7	550
Sub-total	—	<u>12,896</u>	<u>1,431</u>	<u>62</u>	<u>14,389</u>
<u>Non-executive directors</u>					
Yeung Kwok Keung, JP (ii)	83	—	—	—	83
<u>Independent non-executive directors</u>					
Chan Cheong Tat	150	—	—	—	150
Yu Ming Yang	100	—	—	—	100
Tang Chiu Ming Frank	100	—	—	—	100
Sub-total	<u>350</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>350</u>
Total	<u>433</u>	<u>12,896</u>	<u>1,431</u>	<u>62</u>	<u>14,822</u>

	Fees <i>HK\$'000</i>	Basic salaries, allowance and other benefits <i>HK\$'000</i>	Bonus* <i>HK\$'000</i>	Contributions to retirement benefit scheme <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2010					
<u>Executive directors</u>					
Chan Yuen Hing	—	7,229	—	12	7,241
Tang Chee Kwong	—	2,040	50	12	2,102
Chan Wing Nang	—	1,041	85	12	1,138
Tsang Wing Ki	—	675	55	12	742
Chan Lai Yung	—	515	—	12	527
Yu Yip Cheong (iii)	—	360	—	5	365
Lai Wang (iv)	—	155	—	2	157
Sub-total	—	12,015	190	67	12,272
<u>Independent non-executive directors</u>					
Chan Cheong Tat	150	—	—	—	150
Yu Ming Yang	100	—	—	—	100
Tang Chiu Ming Frank	100	—	—	—	100
Sub-total	350	—	—	—	350
Total	350	12,015	190	67	12,622
	Fees <i>HK\$'000</i>	Basic salaries, allowance and other benefits <i>HK\$'000</i>	Bonus* <i>HK\$'000</i>	Contributions to retirement benefit scheme <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2011					
<u>Executive directors</u>					
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 (iv)	—	505	65	5	575
Chan Lai Yung	—	360	48	12	420
Setiawan Tan Budi (v)	—	129	—	3	132
Sub-total	—	12,918	326	68	13,312
<u>Independent non-executive directors</u>					
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 15 August 2008
- (ii) Retired on 15 August 2008
- (iii) Deceased on 24 September 2009
- (iv) Appointed on 1 January 2010
- (v) 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 Relevant Periods.

(b) Five highest paid individuals

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

	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Wages and salaries	1,629	1,342	1,470
Pension contributions	<u>12</u>	<u>12</u>	<u>12</u>
	<u><u>1,641</u></u>	<u><u>1,354</u></u>	<u><u>1,482</u></u>

The emolument was within the following bands:

	2009	2010	2011
	No. of	No. of	No. of
	employees	employees	employees
Nil–HK\$1,000,000	—	—	—
HK\$1,000,001–HK\$1,500,000	—	1	1
HK\$1,500,001–HK\$2,000,000	<u>1</u>	<u>—</u>	<u>—</u>
	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>1</u></u>

- (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 for the Relevant Periods.

13. EMPLOYEE RETIREMENT BENEFIT

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

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

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

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

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

14. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit/(loss) attributable to owners of the Company includes a loss of HK\$4,000, HK\$288,000 and HK\$553,000 for the years ended 31 March 2009, 2010 and 2011 respectively, which has been dealt with in the Financial Information of the Company.

Reconciliation of the above amounts to the Company's profit/(loss) for the year:

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Amount of consolidated loss attributable to owners of the Company dealt with in the Company's financial statements	(4)	(288)	(553)
Interim dividend from subsidiary attributable to the profits of the previous financial year, approved and paid during the year	<u>5,434</u>	<u>—</u>	<u>—</u>
Company's profit/(loss) for the year	<u><u>5,430</u></u>	<u><u>(288)</u></u>	<u><u>(553)</u></u>

15. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year:

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Interim dividend declared and paid of HK\$0.02, Nil and Nil per ordinary share for the years ended 31 March 2009, 2010 and 2011 respectively	<u><u>5,434</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

The board of directors did not recommend the payment of a final dividend for the Relevant Periods.

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- (b) Dividends payable to owners of the Company attributable to the previous year, approved and paid during the year:

	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Final dividend in respect of the previous year, approved and paid during the year, of HK\$0.06, Nil and Nil per ordinary share for the years ended 2009, 2010 and 2011 respectively	16,302	—	—

16. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the following data:

	2009	2010	2011
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic earnings per share calculation	<u>HK\$1,330,000</u>	<u>HK\$3,140,000</u>	<u>HK\$(8,574,000)</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>271,700,000</u>	<u>271,700,000</u>	<u>271,700,000</u>

The basic and diluted earnings/(loss) 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 the Relevant Periods.

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17. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land and buildings <i>HK\$'000</i>	Furniture, fixtures and machinery <i>HK\$'000</i>	Leasehold improve- ments <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost or valuation:					
At 1 April 2008	23,187	44,477	8,919	2,945	79,528
Additions	11,778	2,947	7,192	176	22,093
Disposals	(2,950)	(309)	(16)	—	(3,275)
Exchange adjustments	<u>403</u>	<u>99</u>	<u>(7)</u>	<u>31</u>	<u>526</u>
At 31 March 2009	32,418	47,214	16,088	3,152	98,872
Additions	—	3,916	3,851	—	7,767
Disposals	—	(47)	(32)	—	(79)
Exchange adjustments	<u>156</u>	<u>45</u>	<u>52</u>	<u>9</u>	<u>262</u>
At 31 March 2010	32,574	51,128	19,959	3,161	106,822
Additions	25,985	5,823	9,878	169	41,855
Revaluation surplus	4,649	—	—	—	4,649
Disposals	—	(130)	—	—	(130)
Exchange adjustments	<u>1,363</u>	<u>495</u>	<u>720</u>	<u>79</u>	<u>2,657</u>
At 31 March 2011	<u>64,571</u>	<u>57,316</u>	<u>30,557</u>	<u>3,409</u>	<u>155,853</u>
Accumulated depreciation:					
At 1 April 2008	412	36,284	7,689	619	45,004
Charge for the year	1,259	3,079	233	738	5,309
Written back on disposal	(310)	(140)	(1)	—	(451)
Exchange adjustments	<u>1</u>	<u>20</u>	<u>(19)</u>	<u>4</u>	<u>6</u>
At 31 March 2009	1,362	39,243	7,902	1,361	49,868
Charge for the year	1,335	2,870	861	643	5,709
Written back on disposal	—	(15)	(12)	—	(27)
Exchange adjustments	<u>11</u>	<u>12</u>	<u>5</u>	<u>4</u>	<u>32</u>
At 31 March 2010	2,708	42,110	8,756	2,008	55,582
Charge for the year	1,648	3,775	4,397	602	10,422
Written back on disposal	—	(24)	—	—	(24)
Eliminated on revaluation	(4,287)	—	—	—	(4,287)
Exchange adjustments	<u>148</u>	<u>182</u>	<u>150</u>	<u>44</u>	<u>524</u>
At 31 March 2011	<u>217</u>	<u>46,043</u>	<u>13,303</u>	<u>2,654</u>	<u>62,217</u>
Net carrying amount:					
At 31 March 2011	<u>64,354</u>	<u>11,273</u>	<u>17,254</u>	<u>755</u>	<u>93,636</u>
At 31 March 2010	<u>29,866</u>	<u>9,018</u>	<u>11,203</u>	<u>1,153</u>	<u>51,240</u>
At 31 March 2009	<u>31,056</u>	<u>7,971</u>	<u>8,186</u>	<u>1,791</u>	<u>49,004</u>

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

	Leasehold land and buildings <i>HK\$'000</i>	Furniture, fixtures and machinery <i>HK\$'000</i>	Leasehold improve- ments <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Basis of book value					
as at 31 March 2009:					
At valuation	2,048	—	—	—	2,048
At cost	30,370	47,214	16,088	3,152	96,824
	<u>32,418</u>	<u>47,214</u>	<u>16,088</u>	<u>3,152</u>	<u>98,872</u>
Basis of book value					
as at 31 March 2010:					
At valuation	2,048	—	—	—	2,048
At cost	30,526	51,128	19,959	3,161	104,774
	<u>32,574</u>	<u>51,128</u>	<u>19,959</u>	<u>3,161</u>	<u>106,822</u>
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
	<u>64,571</u>	<u>57,316</u>	<u>30,557</u>	<u>3,409</u>	<u>155,853</u>

- (b) The Group's leasehold land and buildings are located in the PRC, Hong Kong and Japan and all are under medium-term leases.
- (c) Revaluations of the leasehold land and buildings of the Group as at 31 March 2006 and 31 March 2011 were carried out by Savills Valuation and Professional Services Limited and Avista Valuation Advisory Limited respectively. Both of them are Chartered Surveyors and the revaluations were performed on a market value basis.
- Had these leasehold land and buildings been carried at cost less accumulated depreciation, their carrying amounts at 31 March 2009, 2010 and 2011 would have been HK\$1,864,000, HK\$1,843,000 and HK\$25,996,000 respectively.
- (d) The Group's leasehold land and buildings with carrying amounts of HK\$10,287,000 and HK\$38,005,000 as at 31 March 2010 and 2011 respectively were pledged to secure bank facilities (note 25).
- (e) Assets held under finance leases

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

At 31 March 2009 and 2010, the net carrying amount of motor vehicles held under finance leases of the Group was HK\$564,000 and HK\$270,000 respectively and the related depreciation charge for the years ended 31 March 2009 and 2010 was HK\$294,000 and HK\$294,000 respectively. At 31 March 2011, the Group did not have any plant and equipment held under finance leases.

18. INTERESTS IN SUBSIDIARIES

	2009	The Company	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	148,516	148,516	148,516
Amounts due from subsidiaries, net	<u>82,914</u>	<u>82,826</u>	<u>82,273</u>
	<u>231,430</u>	<u>231,342</u>	<u>230,789</u>

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

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

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

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

Name	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
				directly	indirectly	
上海億炫珠寶有限公司* (translated as Shanghai Noble Concepts Jewelry Limited)	PRC 4 December 2008	PRC	RMB5,500,000	—	100%	Design and trading of jewelry
N.A. Marketing Limited	The State of Texas, the U.S. 6 May 2009	U.S.	US\$3,500	—	92.5%	Trading of jewelry
Noble Jewelry (Overseas) Limited	Mauritius 8 May 1996	Hong Kong	US\$100,000	—	100%	Investment holding
Full Fame International Limited	British Virgin Islands 10 August 2010	Hong Kong	US\$100	—	100%	Processing of jewelry
Grandpower Holdings Limited	British Virgin Islands 2 January 2001	Hong Kong	US\$1	—	100%	Investment holding
G.P. Wedding Etiquette Services Limited	Hong Kong 3 December 2009	Hong Kong	HK\$10,000	—	67.33%	Investment holding
廣州芝柏婚慶禮儀服務有限公司 (translated as Guangzhou G.P. Wedding Etiquette Services Limited)	PRC 17 March 2010	PRC	HK\$8,000,000	—	67.33%	Providing wedding etiquette services
廣州穗富珠寶有限公司 (translated as Guangzhou Huifu Jewelry Limited)	PRC 29 March 2010	PRC	HK\$3,898,519	—	51%	Trading of jewelry
Noble Gold and Diamond Trading Limited	Hong Kong 8 August 2005	Hong Kong	HK\$10,000	—	100%	Trading of jewelry
N.A. Marketing Limited	British Virgin Islands 15 May 2009	Hong Kong	US\$20,000	—	92.5%	Investment holding
Sinoble Jewelry Limited	Hong Kong 5 July 2006	Hong Kong	HK\$1	—	100%	Investment holding and trading of jewelry

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

19. ASSOCIATES

	The Group		
	2009	2010	2011
	HK\$'000	HK\$'000	HK\$'000
Share of net assets of associates	30,069	30,536	41,960
Goodwill on acquisition (<i>note (a)</i>)	<u>32,805</u>	<u>32,974</u>	<u>33,207</u>
	<u>62,874</u>	<u>63,510</u>	<u>75,167</u>

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

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

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

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

- (a) During the year ended 31 March 2009, the Group acquired 20% equity interests in Chenghuang Jewellery which is engaged in the operation of a flagship mall and retail outlets. During the year ended 31 March 2011, the Group acquired 30% equity interests in 山東嘉億 which was engaged in trading of jewelry. The goodwill arising from the acquisitions of Chenghuang Jewellery and 山東嘉億 were allocated to the cash generating unit (CGU) of the businesses of Chenghuang Jewellery and 山東嘉億 respectively.

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

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

	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Total assets	251,783	281,164	357,551
Total liabilities	<u>(121,077)</u>	<u>(148,214)</u>	<u>(171,656)</u>
Net assets	<u>130,706</u>	<u>132,950</u>	<u>185,895</u>
Revenue	<u>505,523</u>	<u>432,609</u>	<u>39,857</u>
(Loss)/profit for the year	<u>(663)</u>	<u>11,245</u>	<u>29,612</u>

20. INTANGIBLE ASSETS

	2009 <i>HK\$'000</i>	The Group 2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
At beginning of year	2,697	—	—
Impairment loss recognised	<u>(2,697)</u>	<u>—</u>	<u>—</u>
At end of year	<u>—</u>	<u>—</u>	<u>—</u>

Intangible assets represent the perpetual licence for the use of the brand name "Chad Allison Designs", patent rights on products' designs, distribution channels and customer lists.

The intangible assets with indefinite life were stated at cost less accumulated impairment.

During the year ended 31 March 2009, the Group assessed the fair value of the intangible assets based on cash flow forecasts and made a provision for impairment loss of HK\$2,697,000 which was charged to profit or loss for the year.

21. OTHER ASSETS

	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Cash surrender value of life insurance contract	<u>—</u>	<u>2,110</u>	<u>2,161</u>

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

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

22. INVENTORIES

	2009	The Group	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	60,731	74,622	139,569
Work in progress	20,101	32,210	29,125
Finished goods	<u>169,783</u>	<u>157,349</u>	<u>191,116</u>
	<u>250,615</u>	<u>264,181</u>	<u>359,810</u>

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

	2009	The Group	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount of inventories sold	484,616	383,270	491,355
(Reversal of write-down)/write-down of inventories	<u>(270)</u>	<u>139</u>	<u>318</u>
	<u>484,346</u>	<u>383,409</u>	<u>491,673</u>

23. ACCOUNTS RECEIVABLE

	2009	The Group	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable	113,069	114,023	144,525
Less: Allowance for bad and doubtful debts	<u>(5,814)</u>	<u>(10,340)</u>	<u>(11,537)</u>
	<u>107,255</u>	<u>103,683</u>	<u>132,988</u>

- (a) The Group normally allows a credit period ranging from 15 to 180 days to its customers.
- (b) All of the accounts receivable (net of allowance for bad and doubtful debts) are expected to be recovered within one year.

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

	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	30,026	32,678	37,996
Over 1 month but within 3 months	25,209	37,670	50,118
Over 3 months but within 6 months	27,315	21,856	31,765
Over 6 months but within 1 year	23,331	10,301	11,828
Over 1 year	<u>1,374</u>	<u>1,178</u>	<u>1,281</u>
	<u>107,255</u>	<u>103,683</u>	<u>132,988</u>

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

	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year	4,580	5,814	10,340
Impairment loss recognised, net (<i>note 8</i>)	2,094	4,524	1,195
Bad debts written off	(849)	—	—
Exchange adjustment	<u>(11)</u>	<u>2</u>	<u>2</u>
At end of year	<u>5,814</u>	<u>10,340</u>	<u>11,537</u>

The Group's accounts receivable of HK\$3,217,000, HK\$6,509,000 and HK\$5,536,000 at 31 March 2009, 2010 and 2011 respectively were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowance for doubtful debts was fully recognised. The Group does not hold any collateral over these balances.

In addition, provisions of HK\$2,597,000, HK\$3,831,000 and HK\$6,001,000 have been made for estimated irrecoverable amounts from the sale of goods for the years ended 31 March 2009, 2010 and 2011 respectively. These provisions have been determined by reference to past default experience.

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

	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	<u>35,818</u>	<u>41,714</u>	<u>52,573</u>
Past due within 1 month	11,613	7,179	25,210
Past due over 1 month but within 3 months	2,762	1,123	11,894
Past due over 3 months but within 6 months	9,351	2,912	660
Past due over 6 months but within 1 year	<u>908</u>	<u>271</u>	<u>506</u>
	<u>24,634</u>	<u>11,485</u>	<u>38,270</u>
	<u>60,452</u>	<u>53,199</u>	<u>90,843</u>

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

- (f) Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.
- (g) The Group's accounts receivable of HK\$1,538,000, HK\$173,000 and HK\$590,000 as at 31 March 2009, 2010 and 2011 respectively 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. CASH AT BANKS AND IN HAND

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

	The Group		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
U.S. dollars	5,094	11,029	3,592
British Pounds	947	2,827	1,611
Renminbi	<u>3,769</u>	<u>4,571</u>	<u>6,537</u>

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.

25. BORROWINGS

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

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

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

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

Notes:

- (a) The interest-bearing borrowings, including the term loans repayable on demand, are carried at amortised cost.
- (b) The Group's banking facilities at 31 March 2009, 2010 and 2011 amounting to HK\$308,733,000, HK\$315,420,000 and HK\$316,339,000 respectively, of which HK\$160,112,000, HK\$144,160,000 and HK\$258,064,000 have been utilised as at 31 March 2009, 2010 and 2011 respectively.
- (c) At 31 March 2010 and 2011, banking facilities are secured by the pledge of the Group's leasehold land and buildings with carrying amounts of HK\$10,287,000 and HK\$38,005,000 respectively (note 17).
- (d) Borrowings of the Group during the Relevant Periods were secured by certain corporate guarantees provided by the Company.
- (e) The maturity date of the discounted bills recourse is within 3 to 6 months from inception date of the discounted bills.

26. ACCOUNTS PAYABLE

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

	2009 HK\$'000	The Group 2010 HK\$'000	2011 HK\$'000
Within 1 month	8,555	35,654	25,652
Over 1 month but within 3 months	3,896	39,628	38,171
Over 3 months but within 6 months	20,989	34,300	43,425
Over 6 months	14,021	2,768	5,546
	47,461	112,350	112,794

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

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

27. OBLIGATIONS UNDER FINANCE LEASES

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

Future lease payments were due as follows:

	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
At 31 March 2009			
Not later than 1 year	132	13	119
Later than 1 year and not later than 5 years	<u>44</u>	<u>4</u>	<u>40</u>
	<u>176</u>	<u>17</u>	<u>159</u>
At 31 March 2010			
Not later than 1 year	<u>44</u>	<u>4</u>	<u>40</u>

The present value of future lease payments is analysed as:

	2009 HK\$'000	The Group 2010 HK\$'000	2011 HK\$'000
Current liabilities	119	40	—
Non-current liabilities	<u>40</u>	<u>—</u>	<u>—</u>
	<u>159</u>	<u>40</u>	<u>—</u>

28. DERIVATIVE FINANCIAL INSTRUMENTS

	2009 HK\$'000	The Group 2010 HK\$'000	2011 HK\$'000
Derivative financial instruments that are not designated in hedge accounting relationships			
— Forward foreign currency contracts	—	(74)	—
— Interest rate swap contract	<u>—</u>	<u>194</u>	<u>31</u>
	<u>—</u>	<u>120</u>	<u>31</u>

The notional principal amount of the outstanding interest rate swap contract at 31 March 2010 and 2011 was HK\$15,000,000 and HK\$5,000,000 respectively. At 31 March 2010, the notional principal amount of the outstanding forward foreign currency contract was HK\$37,200,000. At 31 March 2009, the Group did not hold any forward foreign currency contracts.

In addition, the Group has entered into various forward foreign currency contracts to manage its exchange rates exposures which did not meet the criteria for hedge accounting. During the year ended 31 March 2010, the changes in the fair value of non-hedging currency derivatives amounting to gain of HK\$74,000 were charged to profit or loss. No changes in the fair value of non-hedging currency derivatives in 2009 and 2011.

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29. DEFERRED TAX

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

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
At 1 April	1,824	1,105	1,041
Credit/(charge) to profit or loss (<i>note 10</i>)	199	(64)	41
Charge to equity	(918)	—	(2,099)
At 31 March	<u>1,105</u>	<u>1,041</u>	<u>(1,017)</u>

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

Deferred tax liabilities	Revaluation of properties HK\$'000	(Accelerated)/ decelerated tax depreciation HK\$'000	Others HK\$'000	Total HK\$'000
At 1 April 2008	—	(282)	(193)	(475)
Credit to profit or loss	—	219	193	412
At 31 March 2009	—	(63)	—	(63)
Credit to profit or loss	—	63	—	63
At 31 March 2010	—	—	—	—
Charge to profit or loss	—	(338)	—	(338)
Charge to equity	(2,099)	—	—	(2,099)
At 31 March 2011	<u>(2,099)</u>	<u>(338)</u>	<u>—</u>	<u>(2,437)</u>

Deferred tax assets	Decelerated tax depreciation HK\$'000	Provision HK\$'000	Cash flow hedges HK\$'000	Others HK\$'000	Total HK\$'000
At 1 April 2008	—	267	918	1,114	2,299
Charge to profit or loss	—	—	—	(213)	(213)
Debit to equity	—	—	(918)	—	(918)
At 31 March 2009	—	267	—	901	1,168
Credit/(charge) to profit or loss	96	—	—	(223)	(127)
At 31 March 2010	96	267	—	678	1,041
(Charge)/credit to profit or loss	(96)	(89)	—	564	379
At 31 March 2011	<u>—</u>	<u>178</u>	<u>—</u>	<u>1,242</u>	<u>1,420</u>

- (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.

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Deferred tax assets	1,168	1,041	1,420
Deferred tax liabilities	<u>(63)</u>	<u>—</u>	<u>(2,437)</u>
	<u>1,105</u>	<u>1,041</u>	<u>(1,017)</u>

- (d) At 31 March 2009, 2010 and 2011, the Group has unused tax losses arising in the U.S. of US\$3,276,000, US\$5,760,000 and US\$7,926,000 respectively that can be carried forward for offsetting against its future taxable profits.

No deferred tax assets have been recognised for the Relevant Periods as the availability of future taxable profit to utilise the temporary differences is not probable.

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 2009, 2010 and 2011	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
As at 31 March 2009, 2010 and 2011	<u>271,700,000</u>	<u>2,717</u>

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.

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

the date of such further grant representing in aggregate over 1% of the shares of the Company in issue, such further grant must be separately approved by the shareholders in general meeting with such an eligible participant and his associates abstaining from voting.

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

During the Relevant Periods, no share option was granted to the eligible employees. During the years ended 31 March 2009, 2010 and 2011, 430,000, 470,000, 200,000 share options respectively were forfeited. The movements in the number of share options under the Share Option Scheme during the Relevant Periods are as follows:

Date of grant	At beginning of year	Granted during the year	Forfeited during the year	At end of year	Exercise price	Closing price at date of grant	Exercise period
Year ended 31 March 2009							
1 February 2008*	1,680,000	—	(215,000)	1,465,000	HK\$1.27	HK\$1.25	1 February 2010 to 31 January 2012
1 February 2008*	1,680,000	—	(215,000)	1,465,000	HK\$1.27	HK\$1.25	1 February 2011 to 31 January 2012
	<u>3,360,000</u>	<u>—</u>	<u>(430,000)</u>	<u>2,930,000</u>			
Year ended 31 March 2010							
1 February 2008*	1,465,000	—	(235,000)	1,230,000	HK\$1.27	HK\$1.25	1 February 2010 to 31 January 2012
1 February 2008*	1,465,000	—	(235,000)	1,230,000	HK\$1.27	HK\$1.25	1 February 2011 to 31 January 2012
	<u>2,930,000</u>	<u>—</u>	<u>(470,000)</u>	<u>2,460,000</u>			
Year ended 31 March 2011							
1 February 2008*	1,230,000	—	(100,000)	1,130,000	HK\$1.27	HK\$1.25	1 February 2010 to 31 January 2012
1 February 2008*	1,230,000	—	(100,000)	1,130,000	HK\$1.27	HK\$1.25	1 February 2011 to 31 January 2012
	<u>2,460,000</u>	<u>—</u>	<u>(200,000)</u>	<u>2,260,000</u>			

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

At the date of approval of the Financial Information, the Company had 2,110,000 share options outstanding under the Share Option Scheme.

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 statements of changes in equity on page II-9 of the Financial Information.

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.

Capital reserve

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

Revaluation reserve

Revaluation reserve represents the cumulative net change in the fair value of leasehold land 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 2008	79,836	148,326	16,949	245,111
Profit and total comprehensive income for the year	—	—	5,430	5,430
Dividends	—	—	(21,736)	(21,736)
At 31 March 2009	79,836	148,326	643	228,805
Loss and total comprehensive income for the year	—	—	(288)	(288)
At 31 March 2010	79,836	148,326	355	228,517
Loss and total comprehensive income for the year	—	—	(553)	(553)
At 31 March 2011	<u>79,836</u>	<u>148,326</u>	<u>(198)</u>	<u>227,964</u>

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 2009, 2010 and 2011, the aggregate amount of reserves available for distribution to owners of the Company was HK\$228,805,000, HK\$228,517,000 and HK\$227,964,000 respectively, which represents the aggregate of retained earnings/accumulated losses, contributed surplus and share premium at the each end of Relevant Periods.

33. DISPOSAL OF A SUBSIDIARY

On 13 November 2008, the Group disposed of its entire interest in a subsidiary, Trinity Hong Kong Company Limited.

The net assets of Trinity Hong Kong Company Limited at the date of disposal were as follows:

	<i>HK\$'000</i>
Net assets disposed of:	
Deposit	2
Amount due from a shareholder	4
Cash and bank balances	10
Other payables	<u>(15)</u>
	1
Gain on disposal	<u>5</u>
Deferred consideration	<u><u>6</u></u>

Deferred consideration of disposal of a subsidiary was included in the amount due from a related party as at 31 March 2009.

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<i>HK\$'000</i>
Cash and cash balances disposed of and in respect of the disposal of subsidiary	<u><u>10</u></u>

34. CONTINGENT LIABILITIES

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

	The Company		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees given to banks in connection with facilities granted to subsidiaries	<u>308,733</u>	<u>305,133</u>	<u>316,300</u>

As at 31 March 2009, 2010 and 2011, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK\$160,112,000, HK\$144,160,000 and HK\$258,064,000 respectively, which is the maximum amount of guarantee could be called on demand.

35. OPERATING LEASE COMMITMENTS

As lessor

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

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

	2009	The Group	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	<u>—</u>	<u>—</u>	<u>65</u>

As lessee

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

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

	2009	The Group	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating lease rentals			
— minimum leases payments	9,336	9,318	14,705
— contingent rent	<u>—</u>	<u>—</u>	<u>682</u>
	<u>9,336</u>	<u>9,318</u>	<u>15,387</u>

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

	2009	The Group	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	8,848	7,524	8,579
In the 2 to 5 years inclusive	9,361	5,840	12,905
Later than 5 years	<u>—</u>	<u>642</u>	<u>7,232</u>
	<u>18,209</u>	<u>14,006</u>	<u>28,716</u>

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.

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following capital commitments at the end of reporting period:

	2009	The Group	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for:			
Payment of construction cost	550	—	2,261
Interest in associates	<u>2,382</u>	<u>2,394</u>	<u>5,585</u>
	<u>2,932</u>	<u>2,394</u>	<u>7,846</u>

37. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these Financial Information, during the Relevant Periods, the Group entered into the following significant transactions with its related parties:

	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Recurring transactions			
Sale of goods to Noblediam (<i>note i</i>)	21,254	15,309	10,854
Sale of goods to Pesona Noble (<i>note i</i>)	2,270	1,145	4,783
Sale of goods to Chenghuang Jewellery (<i>note i</i>)	111	177	985
Sale of goods to 山東嘉億 (<i>note i</i>)	—	—	739
Management fees received from Noblediam (<i>note ii</i>)	117	93	160
Management fees received from Pesona Noble (<i>note ii</i>)	240	240	240
Rental, utilities charges and building management fees paid to Guangzhou Weile Jewelry Park Company Limited (“Guangzhou Weile”) in which Mr. Chan Yuen Hing, a director and shareholder of the Company (“Mr. Chan”), has beneficial interests (<i>note iii</i>)	382	491	3,755
Rental, utilities charges and building management fees paid to Guangzhou Worldmart Jewelry & Gems Emporium Limited in which Mr. Chan has beneficial interests (<i>note iii</i>)	200	16	334
Rental expenses paid to Chenghuang Jewellery (<i>note iii</i>)	159	254	40
Rental expenses paid to Italina (Guangzhou) Jewelry Co., Ltd., in which Mr. Yau Siu Ying, John, a substantial shareholder of the Company, has beneficial interests (<i>note iii</i>)	—	—	2,110
Interest income from Glorious (China) Limited (“GCL”), a non-controlling shareholder of a subsidiary (<i>note 37(c)(i)</i>)	<u>—</u>	<u>—</u>	<u>378</u>

Notes:

- (i) Sale of goods was determined at cost of materials and production cost plus a percentage of mark-up.
- (ii) Management fee income received was agreed by both parties at a fixed sum or cost incurred.
- (iii) The rental, utilities charges and building management fees were paid pursuant to the respective lease agreements.

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

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the Relevant Periods were as follows:

	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Wages and salaries	18,152	14,692	14,714
Pension contributions	<u>121</u>	<u>109</u>	<u>80</u>
	<u><u>18,273</u></u>	<u><u>14,801</u></u>	<u><u>14,794</u></u>

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

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(c) Balances with related parties

	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Amounts due from related parties			
Noblediam	7,958	12,680	10,842
GCL (<i>Notes (i)</i>)	—	8,043	4,975
Noble Enterprises Limited, a company in which a director of the Company is a controlling shareholder	12	13	36
Chenghuang Jewellery	—	—	8
Party Time Limited, a non-controlling shareholder of a subsidiary	—	5	5
A family member of the director of the Company	6	6	—
Trendy Jewelry Limited, an associate in liquidation	705	—	—
Worldmart License Holdings Limited (formerly known as Ijewelry.com Limited), a company in which a director of the Company was a controlling shareholder, deregistered on 18 September 2009	19	—	—
	<u>8,700</u>	<u>20,747</u>	<u>15,866</u>

Amounts due to related parties

Mr. Zhao De Hau, an ex-independent non-executive director of the Company	3,515	—	—
Pesona Noble	848	1,066	389
	<u>4,363</u>	<u>1,066</u>	<u>389</u>

Note:

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

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

- (d) In November 2008, the Group disposed of its entire equity interest of a subsidiary, Trinity Hong Kong Limited to a family member of Mr. Chan.
- (e) In February 2009, the Group acquired 4% equity interest of Chenghuang Jewellery from Mr. Zhou Dehua, an ex-independent non-executive director of the Company. The consideration for the interest of an associate is approximately HK\$10,044,000.

The above transaction (c) (note (i)), (d) and (e) also constitute connected transaction as defined in Chapter 14A of the Listing Rules.

38. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, which includes the borrowings disclosed in the note 25, 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.

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

	The Group		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Debts	160,113	144,169	258,064
Less: Cash at banks and in hand	<u>(14,344)</u>	<u>(27,461)</u>	<u>(14,303)</u>
Net debt	<u>145,769</u>	<u>116,708</u>	<u>243,761</u>
Equity	<u>254,327</u>	<u>259,090</u>	<u>259,139</u>
Net debt to equity ratio	<u>57%</u>	<u>45%</u>	<u>94%</u>

39. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk

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

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

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from accounts receivable are set out in note 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 which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other borrowings is prepared based on the scheduled repayment dates.

The Group	Maturity analysis — Undiscounted cash outflows									
	31 March 2009				31 March 2010				31 March 2011	
	On demand	Within 1 year	More than 1 year but less than 2 years	Total undiscounted cash outflows	On demand	Within 1 year	Total undiscounted cash outflows	On demand	Within 1 year	Total undiscounted cash outflows
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Borrowings										
subject to a repayable on demand clause	160,113	—	—	160,113	144,169	—	144,169	258,064	—	258,064
Accounts payable	—	47,461	—	47,461	—	112,350	112,350	—	112,794	112,794
Other payables and accrued charges	—	43,681	—	43,681	—	45,636	45,636	—	74,911	74,911
Amounts due to a related parties	4,363	—	—	4,363	1,066	—	1,066	389	—	389
Obligations under finance leases	—	119	40	159	—	40	40	—	—	—
Derivative financial instruments	—	—	—	—	—	120	120	—	31	31
	<u>164,476</u>	<u>91,261</u>	<u>40</u>	<u>255,777</u>	<u>145,235</u>	<u>158,146</u>	<u>303,381</u>	<u>258,453</u>	<u>187,736</u>	<u>446,189</u>

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “on demand” time band in the maturity analysis contained in page II-42. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Maturity Analysis — Term loans subject to a repayment on demand clause based on scheduled repayments

The Group	On demand	Within 6 months	More than 6 months but within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash flows
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 March 2011	<u>4,942</u>	<u>227,995</u>	<u>5,471</u>	<u>5,241</u>	<u>11,337</u>	<u>4,695</u>	<u>259,681</u>
31 March 2010	<u>9</u>	<u>122,509</u>	<u>8,265</u>	<u>10,658</u>	<u>4,022</u>	<u>—</u>	<u>145,463</u>
31 March 2009	<u>6,457</u>	<u>121,441</u>	<u>8,360</u>	<u>11,909</u>	<u>13,636</u>	<u>—</u>	<u>161,803</u>

(c) Interest rate risk

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

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

	2009		2010		2011	
	Effective interest rate		Effective interest rate		Effective interest rate	
	%	HK\$'000	%	HK\$'000	%	HK\$'000
Variable rate borrowings						
Bank overdrafts	5.25% to 5.50%	6,457	5.25% to 5.50%	9	5.25% to 5.50%	4,942
Bank loans	1.71% to 3.18%	58,656	1.35% to 4.75%	43,963	1.60% to 4.76%	83,278
Other loan	N/A	—	N/A	—	4.2%	4,317
Discounted bills with recourse	N/A	1,538	N/A	173	N/A	590
Trust receipts and export loans	1.60% to 4.79%	93,462	1.66% to 1.94%	100,024	2.16% to 2.55%	164,937
		<u>160,113</u>		<u>144,169</u>		<u>258,064</u>
Fixed rate borrowing						
Obligation under finance leases	4.5%	<u>159</u>	4.5%	<u>40</u>	N/A	<u>—</u>

At 31 March 2009, 2010 and 2011, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax and retained profits by approximately HK\$765,000, HK\$468,000 and HK\$838,000 respectively.

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

(d) Foreign exchange risk

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

During the Relevant Periods, 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 2010, the Group held forward foreign currency contracts with fair value of HK\$74,000, which are not designated in hedging accounting relationships (note 28).

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

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 2009	USD	GBP	EUR	RMB	JPY
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Accounts receivable	15,329	451	50	75,044	32,143
Other receivables, deposits and prepayments	134	10	13	406	2,982
Amounts due from related parties	—	—	39	—	—
Cash at banks and in hand	462	17	22	952	39
Borrowings	(2,147)	—	—	—	—
Accounts payable	(1,848)	—	—	—	—
Other payables and accrued charges	(211)	(14)	—	(8)	(94)
Net exposure	<u>11,719</u>	<u>464</u>	<u>124</u>	<u>76,394</u>	<u>35,070</u>
As at 31 March 2010	USD	GBP	EUR	RMB	JPY
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Accounts receivable	9,993	1,595	163	6,102	169,624
Other receivables, deposits and prepayments	425	283	—	8,400	—
Amounts due from related parties	1,121	1,021	—	—	—
Cash at banks and in hand	1,512	211	48	4,011	—
Borrowings	(1,131)	—	—	(7,208)	—
Accounts payable	(8,929)	—	—	(2,414)	—
Other payables and accrued charges	(1,133)	(115)	(1)	(9,172)	—
Derivative financial instruments	(14)	—	—	(14)	—
Net exposure	<u>1,844</u>	<u>2,995</u>	<u>210</u>	<u>(295)</u>	<u>169,624</u>

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

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	<u>(4,358)</u>	<u>1,525</u>	<u>(388)</u>	<u>(1,779)</u>	<u>32,917</u>

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	Increase/ (decrease) in foreign exchange rate	2009 Effect on profit for the year and retained profits	Effect on other components of equity	Increase/ (decrease) in foreign exchange rate	2010 Effect on profit for the year and retained profits	Effect on other components of equity	Increase/ (decrease) in foreign exchange rate	2011 Effect on profit for the year and retained profits	Effect on other components of equity
		HK\$'000			HK\$'000			HK\$'000	
USD	5%	8,308	—	5%	(758)	—	5%	(1,992)	—
	(5%)	(8,308)	—	(5%)	758	—	(5%)	1,992	—
GBP	10%	2,763	—	10%	935	—	10%	493	—
	(10%)	(2,763)	—	(10%)	(935)	—	(10%)	(493)	—
EUR	10%	128	—	10%	222	—	10%	179	—
	(10%)	(128)	—	(10%)	(222)	—	(10%)	(179)	—
RMB	10%	9,541	—	10%	1,211	—	10%	(434)	—
	(10%)	(9,541)	—	(10%)	(1,211)	—	(10%)	434	—
JPY	10%	278	—	10%	179	—	10%	307	—
	(10%)	(278)	—	(10%)	(179)	—	(10%)	(307)	—

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group

entities' profit/(loss) for the year and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2010 and 2009.

(e) Price risk

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

The Group is not exposed to any equity securities risk.

(f) Fair values estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2011, 2010 and 2009.

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.

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at the end of each Relevant Periods may be categorised as follows:

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Financial assets			
Loans and receivables (including cash at banks and in hand)	<u>145,375</u>	<u>175,123</u>	<u>174,078</u>
Financial liabilities			
Financial liabilities measured at amortised cost	242,055	300,342	410,847
Derivative financial liabilities at fair value	<u>—</u>	<u>120</u>	<u>31</u>

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 2010 and 2011, the Group's forward foreign currency contracts are measured at fair value. In accordance with HKFRS 7, the fair value is based on Level 2 fair value measurement hierarchy.

41. EVENT AFTER THE REPORTING PERIOD

- (a) On 31 August 2011, Privateco's wholly-owned subsidiary, 廣州市億鑽珠寶有限公司, disposed of its property in the PRC to 廣州市福平物業管理有限公司, an independent third party, for a cash consideration of HK\$23,400,000 (the "Disposal of Property") and the gain on disposal was approximately HK\$5,900,000.
- (b) On 10 July 2011, Privateco's wholly-owned subsidiary, Noble Jewelry Limited, disposed of certain plant and equipment to an independent third party for a cash consideration of HK\$6,549,000 (the "Disposal of Plant and Equipment") and the gain on disposal was approximately HK\$6,510,000 upon completion.
- (c) On 7 September 2011, the shareholders of the Company and Resources Rich Capital Limited, as purchaser, entered into an agreement in respect of the acquisition of 72.05% interest of the Company. The agreement is conditional upon, among other things, the completion of the proposed reorganisation of the Group. As part of the Group Reorganisation, the Group proposed to distribute the whole of fine jewelry design, manufacture and trading businesses (the "Distributed Businesses") other than certain of jewelry manufacture and trading business in the PRC (the "Retained Businesses"), for which would be retained by the Group, in specie to the shareholders of the Company.

The financial information of the Distributed Businesses, excluding the Retained Businesses for the Relevant Periods is disclosed as follows:

Assets and liabilities at 31 March 2009, 2010 and 2011

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Property, plant and equipment	35,644	37,501	78,446
Associates	62,874	63,510	75,167
Long term deposits	—	1,026	—
Other assets	—	2,110	2,161
Deferred tax assets	1,105	1,041	—
Inventories	220,379	231,990	316,859
Accounts receivable	99,881	96,681	122,005
Other receivables, deposits and prepayments	12,382	21,369	10,410
Amounts due from related parties	7,995	25,129	15,866
Cash at banks and in hand	11,664	25,204	9,556
 Borrowings	 (160,113)	 (144,169)	 (244,698)
Accounts payable	(47,402)	(111,405)	(112,706)
Other payables and accrued charges	(27,437)	(39,677)	(67,526)
Amounts due to related parties	(5,648)	(3,878)	(361)
Obligations under finance leases	(159)	(40)	—
Derivative financial instruments	—	(120)	(31)
Tax payables	(806)	(1,331)	(3,396)
Deferred tax liabilities	—	—	(724)
 Net assets attributable to the Group	 210,359	 204,941	 201,028
Less:			
Amounts due to other group companies within the Group*	(46,823)	(33,207)	(29,804)
Non-controlling interests	—	(811)	—
	<u>163,536</u>	<u>170,923</u>	<u>171,224</u>

* The amounts due to other group companies within the Group represented (i) the outstanding intra-group balances among the Company and Retained Businesses, and the Distributed Businesses as at 31 March 2009, 2010 and 2011; and (ii) the considerations (the “Considerations”) for proposed transfer of all equity interest in the PRC entities held by the Retained Businesses to Distributed Business, as set out in the Group Reorganisation. The Considerations have been reflected in the above amounts as if the proposed transfer of all equity interest in the PRC entities was completed at 31 March 2011, except for the consideration of RMB3,300,000 for capital injection of RMB3,300,000 to the PRC entities made by the Retained Businesses subsequent to 31 March 2011.

Comprehensive income for the Relevant Periods

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Turnover	574,016	482,494	585,324
Cost of sales	<u>(434,814)</u>	<u>(349,303)</u>	<u>(440,704)</u>
Gross profit	139,202	133,191	144,620
Other revenue	1,497	1,607	5,762
Distribution costs	(30,750)	(31,725)	(36,510)
Administrative expenses	(107,580)	(86,828)	(117,887)
Other gains and losses	15,429	(200)	453
Finance costs	(10,287)	(5,326)	(6,137)
Share of results of associates	<u>(3,544)</u>	<u>(336)</u>	<u>4,018</u>
Profit/(loss) before income tax	3,967	10,383	(5,681)
Income tax expenses	<u>(4,269)</u>	<u>(4,870)</u>	<u>(4,405)</u>
(Loss)/profit for the year	<u>(302)</u>	<u>5,513</u>	<u>(10,086)</u>
Other comprehensive income			
Exchange differences on translating foreign operations	578	759	1,142
Surplus on revaluation of leasehold land and buildings	—	—	5,959
Amounts reclassified to initial carrying amount of hedged items	<u>4,327</u>	<u>—</u>	<u>—</u>
Other comprehensive income for the year	<u>4,905</u>	<u>759</u>	<u>7,101</u>
Total comprehensive income for the year	<u><u>4,603</u></u>	<u><u>6,272</u></u>	<u><u>(2,985)</u></u>

Cash flows for the Relevant Periods

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Cash flows from operating activities			
Profit/(loss) before income tax	3,966	10,382	(5,681)
Adjustments for:			
Share of loss/(profit) of associates, net	3,544	336	(4,018)
Depreciation of property, plant and equipment	4,642	4,699	8,710
Impairment of other intangible assets	2,697	—	—
Provision for bad and doubtful debts, net	2,094	4,524	1,195
(Reversal of write-down)/write-down of inventories	(270)	139	318
Gain on disposal of leasehold land and buildings reclassified as held for sale	(13,406)	—	—
(Gain)/loss on disposal of property, plant and equipment	(1,238)	8	—
Gain on disposal of a subsidiary	(5)	—	—
Write-off of amounts due from related parties	—	548	—
Net fair value losses of forward foreign currency contracts and interest rate swap contract that do not qualifying as hedges	—	120	31
Bank interest income	(81)	(64)	(449)
Interest expenses	7,415	3,777	4,550
Operating cash flows before working capital	9,358	24,469	4,656
Decrease/(increase) in inventories	56,307	(13,832)	(86,003)
Decrease/(increase) in accounts receivable	20,788	(1,324)	(26,519)
(Increase)/decrease in other receivables, deposits and prepayments	(2,332)	(8,987)	10,959
Decrease/(increase) in amounts due from related parties	4,128	(17,682)	8,307
(Decrease)/increase in accounts payable	(91,766)	64,003	1,301
(Decrease)/increase in other payables and accrued charges	(19,152)	12,240	27,849
Increase/(decrease) in amounts due to other group companies within the Group	16,031	(12,716)	(5,439)
Decrease/(increase) in amounts due to related parties	659	(1,771)	(3,517)
Effect of change in foreign exchange rate	3,932	(89)	2,620
Cash (used in)/generated from operations	(2,047)	44,311	(65,786)
Income tax paid	(7,399)	(4,281)	(2,381)
Interest element of finance lease payments	(13)	(13)	(1)
Interest paid	(7,402)	(3,764)	(4,549)
Net cash (used in)/generated from operating activities	(16,861)	36,253	(72,717)

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	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Cash flows from investing activities			
Proceeds from disposal of leasehold land and buildings reclassified as held for sale	60,175	—	—
Proceeds from disposal of property, plant and equipment	4,062	14	8
Payments to acquire property, plant and equipment	(9,117)	(6,419)	(40,384)
Payments for acquisition of other assets	—	(2,110)	—
Capital contribution from non-controlling shareholders	—	900	1,029
Acquisition of associates	(32,642)	—	(8,619)
Payments for investments in associates	(5,728)	—	—
Disposal of a subsidiary (<i>Note 33</i>)	10	—	—
Interest received	81	64	449
	<u>16,841</u>	<u>(7,551)</u>	<u>(47,517)</u>
Net cash generated from/(used in) investing activities			
	<u>16,841</u>	<u>(7,551)</u>	<u>(47,517)</u>
Cash flows from financing activities			
(Decrease)/increase in trust receipts and other loans	(42,864)	5,197	69,647
Release of pledged bank deposits	1,098	—	—
Repayment of finance lease obligations	(119)	(119)	(40)
New bank loans raised	128,175	66,487	36,140
Repayment of bank loans	(94,685)	(81,180)	(10,191)
Capital contribution from the Group other than Disposal Business	3,402	918	3,932
Dividends paid to the Company	(5,434)	—	—
	<u>(10,427)</u>	<u>(8,697)</u>	<u>99,488</u>
Net cash (used in)/generated from financing activities			
	<u>(10,427)</u>	<u>(8,697)</u>	<u>99,488</u>
Net (decrease)/increase in cash and cash equivalents	(10,447)	20,005	(20,746)
Effect of change in foreign exchange rate	(138)	(17)	165
Cash and cash equivalents at beginning of year	<u>15,792</u>	<u>5,207</u>	<u>25,195</u>
Cash and cash equivalents at end of year	<u>5,207</u>	<u>25,195</u>	<u>4,614</u>

APPENDIX II

FINANCIAL INFORMATION OF THE FORMER GROUP

- (d) Pursuant to the Group Reorganisation, the Group proposed to cease the jewelry retail business in the PRC of the Retained Businesses.

The financial information relevant to the PRC jewelry retail business for the Relevant Periods is disclosed as follows:

Comprehensive income for the Relevant Periods

	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Turnover	—	941	12,074
Cost of sales	<u>—</u>	<u>(843)</u>	<u>(10,744)</u>
Gross profit	—	98	1,330
Distribution costs	—	(109)	(1,159)
Administrative expenses	—	(296)	(191)
Finance costs	<u>—</u>	<u>—</u>	<u>(294)</u>
Loss before income tax	—	(307)	(314)
Income tax expenses	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the year	<u><u>—</u></u>	<u><u>(307)</u></u>	<u><u>(314)</u></u>

Cash flows for the Relevant Periods

	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Cash flows from operating activities			
Loss before income tax	—	(307)	(314)
Adjustments for:			
Interest expenses	<u>—</u>	<u>—</u>	<u>294</u>
Operating cash flows before working capital	—	(307)	(20)
Increase in inventories	—	(9,953)	(632)
Increase in accounts receivable	—	(1,112)	(3,679)
Amount due to other business of the Retained Businesses	<u>—</u>	<u>11,372</u>	<u>4,625</u>
Cash generated from operations	—	—	294
Interest paid	<u>—</u>	<u>—</u>	<u>(294)</u>
Net cash from operating activities	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of any of the companies in the Group have been prepared in respect of any period subsequent to 31 March 2011.

Yours faithfully
For and on behalf of
BDO Limited
Certified Public Accountants
Hong Kong

Ng Wai Man
Practising Certificate number: P05309

4. UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The following information has been extracted from the interim report of the Company for the six months ended 30 September 2011. There were no extraordinary items or items which were exceptional because of size, nature or incidence recorded on the financial statements of the Company during each of the six months ended 30 September 2010 and 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		Six months ended 30 September	
		2011	2010
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Continuing operations:			
Turnover	3	39,871	22,017
Cost of sales		<u>(32,937)</u>	<u>(18,591)</u>
Gross profit		6,934	3,426
Other revenue	3	785	384
Distribution costs		(3,958)	(2,174)
Administrative expenses		(1,825)	(981)
Other gains and losses	4	1,621	(4)
Finance costs	5	<u>(162)</u>	<u>(135)</u>
Profit before income tax	6	3,395	516
Income tax expense	8	<u>4</u>	<u>—</u>
Profit for the period from continuing operations		3,399	516
Discontinued operations:			
Profit for the period from discontinued operations	7	<u>8,428</u>	<u>10,133</u>
Profit for the period		<u>11,827</u>	<u>10,649</u>
Other comprehensive income			
Exchange differences on translating foreign operations		<u>4,719</u>	<u>(45)</u>
Other comprehensive income for the period		<u>4,719</u>	<u>(45)</u>
Total comprehensive income for the period		<u><u>16,546</u></u>	<u><u>10,604</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

		Six months ended 30 September	
		2011	2010
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit attributable to:			
— Owners of the Company		11,827	11,460
— Non-controlling interests		<u>—</u>	<u>(811)</u>
		<u>11,827</u>	<u>10,649</u>
Total comprehensive income attributable to:			
— Owners of the Company		16,546	11,415
— Non-controlling interests		<u>—</u>	<u>(811)</u>
		<u>16,546</u>	<u>10,604</u>
Earnings per share attributable to owners of the Company			
For continuing and discontinued operations			
Basic and diluted (<i>HK cents</i>)	10	<u>4.34</u>	<u>4.22</u>
For continuing operations			
Basic and diluted (<i>HK cents</i>)	10	<u>1.25</u>	<u>0.19</u>

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

		30 September 2011 HK\$'000 (Unaudited)	31 March 2011 HK\$'000 (Audited)
	Notes		
Assets and liabilities			
Non-current assets			
Property, plant and equipment		14,042	93,636
Associates		—	75,167
Other assets	12	—	2,161
		<u>14,042</u>	<u>170,964</u>
Current assets			
Inventories		33,239	359,810
Accounts receivable	13	28,173	132,988
Other receivables, deposits and prepayments		30,542	15,810
Amounts due from related parties		106	15,866
Cash at banks and in hand		<u>10,015</u>	<u>14,303</u>
		102,075	538,777
Assets of a disposal group classified as held for sale	11	<u>706,367</u>	—
		<u>808,442</u>	<u>538,777</u>
Current liabilities			
Borrowings	14	—	258,064
Accounts payable	15	140	112,794
Other payables and accrued charges		9,633	58,724
Amount due to a related party		—	389
Derivative financial instruments		—	31
Tax payables		<u>—</u>	<u>3,396</u>
		9,773	433,398
Liabilities of a disposal group classified as held for sale	11	<u>518,117</u>	—
		<u>527,890</u>	<u>433,398</u>
Net current assets		<u>280,552</u>	<u>105,379</u>
Total assets less current liabilities		<u>294,594</u>	<u>276,343</u>

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

		30 September 2011	31 March 2011
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Total assets less current liabilities		294,594	276,343
Non-current liabilities			
Deferred tax liabilities		<u>296</u>	<u>1,017</u>
Net assets		<u>294,298</u>	<u>275,326</u>
Equity			
Share capital	16	2,736	2,717
Reserves		<u>291,562</u>	<u>272,609</u>
Equity attributable to owners of the Company		294,298	275,326
Non-controlling interests		<u>—</u>	<u>—</u>
Total equity		<u>294,298</u>	<u>275,326</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Attributable to owners of the Company (Unaudited)						Non-controlling		
	Share capital	Share premium	Merger reserve	Capital reserve	Revaluation reserve	Exchange reserve	Retained profits	Total	interest
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2011	2,717	79,836	1,593	1,445	6,837	11,034	171,864	275,326	—
Transfer between reserves	—	—	—	—	(4,636)	—	4,636	—	—
Share options exercised	19	2,407	—	—	—	—	—	2,426	—
Total comprehensive income for the period	—	—	—	—	—	4,719	11,827	16,546	—
At 30 September 2011	2,736	82,243	1,593	1,445	2,201	15,753	188,327	294,298	—

	Attributable to owners of the Company (Unaudited)						Non-controlling		
	Share capital	Share premium	Merger reserve	Capital reserve	Revaluation reserve	Exchange reserve	Retained profits	Total	interest
	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
Total comprehensive income for the period	—	—	—	—	—	(45)	11,460	11,415	(811)
At 30 September 2010	2,717	79,836	1,593	1,445	—	8,392	175,711	269,694	—

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(20,311)	(48,536)
Net cash generated from/(used in) investing activities	25,226	(7,216)
Net cash (used in)/generated from financing activities	<u>(7,925)</u>	<u>48,049</u>
Decrease in cash and cash equivalents	(3,010)	(7,703)
Effect of change in foreign exchange rate	320	26
Cash and cash equivalents at beginning of period	<u>9,361</u>	<u>27,452</u>
Cash and cash equivalents at end of period	<u><u>6,671</u></u>	<u><u>19,775</u></u>
Analysis of the balances of cash and cash equivalents		
Cash at banks and in hand	10,015	20,358
Cash at banks and in hand attributable to a discontinued operation	10,743	—
Less: Bank overdrafts	—	(583)
Less: Bank overdrafts attributable to a discontinued operation	<u>(14,087)</u>	<u>—</u>
	<u><u>6,671</u></u>	<u><u>19,775</u></u>

NOTES TO THE FINANCIAL STATEMENTS**1. GENERAL**

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”). Its registered office is situate at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Group is principally engaged in the design, manufacturing and trading of fine jewelry products.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on historical cost basis and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirement of Appendix 16 of the Rules Governing the Listing of Securities (“Listing Rules”) on the Stock Exchange.

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2011. In addition, the Group applied the following accounting policy in this interim period.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current assets (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

In addition, in the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards (“new or revised HKFRSs”) issued by the HKICPA, which are effective for the current period’s unaudited condensed consolidated interim financial statements.

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
Amendments to HKAS 32	Classification of Rights Issues
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements — Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC) — Interpretation 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these new and revised HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented.

The Group has not early applied the following new and revised standards, amendments or interpretations which have been issued but are not yet effective.

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets ¹
HKFRS 9	Financial Instruments ⁴
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
HKAS 1 (Amendments)	Presentation of Financial Statements ³
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 19 (Revised 2011)	Employee Benefits ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations:		
<i>Turnover</i>		
Sales	39,871	22,017
<i>Other revenue</i>		
Sundry income	785	384
<i>Total revenue</i>	40,656	22,401
Discontinued operations:		
<i>Turnover</i>		
Sales	330,193	313,720
<i>Other revenue</i>		
Sundry income	1,956	832
Bank interest income	133	447
Management fee income	111	139
	2,200	1,418
<i>Total revenue</i>	332,393	315,138

(b) Reportable segments

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

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

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations:		
Wholesale business	39,871	22,017

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Discontinued operations:		
Wholesale business	295,442	281,546
Sales network collaboration	18,687	16,666
Retail and brand business	<u>16,064</u>	<u>15,508</u>
	<u>330,193</u>	<u>313,720</u>

(c) Geographical information

An analysis of the Group's revenue from external customers is as follows:

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations:		
<i>Turnover</i>		
— The People's Republic of China, other than Hong Kong ("PRC")	<u>39,871</u>	<u>22,017</u>
Discontinued operations:		
<i>Turnover</i>		
— Europe	85,503	84,173
— The Middle East	82,362	86,801
— America	64,107	59,772
— Others	50,500	39,399
— The PRC	14,479	8,987
— Japan	12,925	14,743
— Africa	12,272	11,811
— Hong Kong	<u>8,045</u>	<u>8,034</u>
	<u>330,193</u>	<u>313,720</u>

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Continuing operations:		
Exchange gains/(losses), net	<u>1,621</u>	<u>(4)</u>
Discontinued operations:		
Gain on disposal of property, plant and equipment	8,272	—
Loss on settlement of forward foreign currency contracts upon maturity	(592)	(1,986)
Exchange (losses)/gains, net	(2,232)	4
Others	<u>50</u>	<u>52</u>
	<u>5,498</u>	<u>(1,930)</u>

5. FINANCE COSTS

	Six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Continuing operations:		
Interest on borrowings wholly repayable within five years	155	130
Bank charges	<u>7</u>	<u>5</u>
	<u>162</u>	<u>135</u>
Discontinued operations:		
Interest on borrowings		
— wholly repayable within five years	2,619	1,993
— not wholly repayable within five years	126	—
Bank charges	<u>921</u>	<u>872</u>
	<u>3,666</u>	<u>2,865</u>

6. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations:		
Cost of inventories expensed	32,937	18,591
Depreciation of property, plant and equipment	501	397
Staff costs (including directors' remuneration)	3,204	2,096
Auditor's remuneration	300	100
Exchange (gains)/losses, net	<u>(1,621)</u>	<u>4</u>
Discontinued operations:		
Cost of inventories expensed	227,977	230,220
Depreciation of property, plant and equipment	1,843	2,341
Staff costs (including directors' remuneration)	47,165	43,941
Auditor's remuneration	743	362
Provision of bad and doubtful debts, net	9,093	2,387
Provision for custom duty under provided in prior years and related damages and penalties	16,187	—
Impairment of other intangible assets	—	74
Impairment of property, plant and equipment	2,693	—
Impairment of inventories	200	—
Impairment of other receivables, deposits and prepayments	47	—
Bad debts written off	943	427
Exchange (gains)/losses, net	<u>2,232</u>	<u>(4)</u>

7. DISCONTINUED OPERATIONS

On 7 September 2011, the shareholders of the Company and Resources Rich Capital Limited, as purchaser, entered into an agreement in respect of the acquisition of 72.05% interest of the Company. The agreement is conditional upon, among other things, the completion of the proposed reorganisation of the Group (the “Group Reorganisation”). As part of the Group Reorganisation, the Group proposed to (i) distribute the whole of fine jewelry design, manufacture and trading businesses (the “Distributed Businesses”) other than certain of jewelry manufacture and trading business in the PRC (the “Retained Businesses”), for which would be retained by the Group, in specie to the shareholders of the Company; (ii) cease the PRC jewelry retail business (the “Ceased Business”) in the Retained Business. The proposed distribution in specie was approved by the shareholders of the Company at an extraordinary general meeting held on 20 October 2011.

The Distributed Business and Ceased Business were classified as discontinued operations and the related results for the six months ended 30 September 2011 and 2010 were as follows:

	<i>Notes</i>	Distributed Businesses <i>HK\$'000</i>	Ceased Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended				
30 September 2011 (unaudited)				
Turnover	3	321,810	8,383	330,193
Cost of sales		<u>(220,540)</u>	<u>(7,437)</u>	<u>(227,977)</u>
Gross profit		101,270	946	102,216
Other revenue	3	2,200	—	2,200
Distribution costs		(18,474)	(1,264)	(19,738)
Administrative expenses		(79,105)	(192)	(79,297)
Other gains and losses	4	5,498	—	5,498
Finance costs	5	(3,666)	—	(3,666)
Share of profits of associates, net		<u>4,367</u>	<u>—</u>	<u>4,367</u>
Profit/(loss) before income tax	6	12,090	(510)	11,580
Income tax expense	8	<u>(3,152)</u>	<u>—</u>	<u>(3,152)</u>
Profit/(loss) for the period from discontinued operations		<u>8,938</u>	<u>(510)</u>	<u>8,428</u>

		Distributed Businesses <i>HK\$'000</i>	Ceased Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
	<i>Notes</i>			
For the six months ended				
30 September 2010 (unaudited)				
Turnover	3	309,443	4,277	313,720
Cost of sales		<u>(226,544)</u>	<u>(3,676)</u>	<u>(230,220)</u>
Gross profit		82,899	601	83,500
Other revenue	3	1,418	—	1,418
Distribution costs		(17,655)	(476)	(18,131)
Administrative expenses		(48,453)	—	(48,453)
Other gains and losses	4	(1,930)	—	(1,930)
Finance costs	5	(2,865)	—	(2,865)
Share of profits of associates, net		<u>(564)</u>	<u>—</u>	<u>(564)</u>
Profit before income tax	6	12,850	125	12,975
Income tax expense	8	<u>(2,842)</u>	<u>—</u>	<u>(2,842)</u>
Profit for the period from discontinued operations		<u>10,008</u>	<u>125</u>	<u>10,133</u>

The net cash flows of the discontinued operations for the six months ended 30 September 2011 and 2010 were as follows:

	Distributed Businesses <i>HK\$'000</i>	Ceased Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended			
30 September 2011 (unaudited)			
Net cash flows from operating activities	(77,797)	—	(77,797)
Net cash flows from investing activities	24,182	—	24,182
Net cash flows from financing activities	<u>45,338</u>	<u>—</u>	<u>45,338</u>
Net cash flows incurred by the discontinued operations	<u>(8,277)</u>	<u>—</u>	<u>(8,277)</u>
For the six months ended			
30 September 2010 (unaudited)			
Net cash flows from operating activities	(52,602)	—	(52,602)
Net cash flows from investing activities	(5,113)	—	(5,113)
Net cash flows from financing activities	<u>48,049</u>	<u>—</u>	<u>48,049</u>
Net cash flows incurred by the discontinued operations	<u>(9,666)</u>	<u>—</u>	<u>(9,666)</u>

8. INCOME TAX EXPENSE

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

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations:		
Deferred tax	(4)	—
Discontinued operations:		
Current tax — Hong Kong profits tax	4,425	2,985
Current tax — overseas	(537)	217
	3,888	3,202
Deferred tax	(736)	(360)
	3,152	2,842

9. DIVIDENDS

Except for the proposed distribution in specie as disclosed in Note 7, the Board did not recommend the payment of an interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: HK\$Nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
For continuing and discontinued operations:		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share calculation	HK\$11,827,000	HK\$11,460,000
For continuing operations:		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share calculation	HK\$3,399,000	HK\$516,000
For discontinued operations:		
Profit for the period attributable to owners of the Company from discontinued operations for the purpose of basic earnings per share calculation	HK\$8,428,000	HK\$10,133,000
Weighted average number of ordinary shares for the purpose of basic earnings per share	272,655,000	271,700,000

Basic earnings per share for the discontinued operation is HK\$3.1 cents per share (30 September 2010: HK\$3.7 cents per share) and diluted earnings per share for the discontinued operation is HK\$3.1 cents per share (30 September 2010: HK\$3.7 cents per share), based on the profit for the year from the discontinued operations of HK\$8.4 million (30 September 2010: HK\$10.1 million) and the denominators detailed above for both basic and diluted earnings per share.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for share for the respective periods.

11. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Pursuant to the Group Reorganisation as set out in Note 7 above, the assets and liabilities of Distributed Businesses relating to the wholesales and manufacturing operations have been classified as held for sale in the consolidated statement of financial position and set out below.

	30 September 2011 <i>HK\$'000</i> (Unaudited)
Property, plant and equipment	50,429
Associates	83,482
Other assets	2,187
Deferred tax assets	1,556
Inventories	363,660
Accounts receivable	156,918
Other receivables, deposits and prepayments	13,287
Amounts due from related parties	24,105
Cash at banks and in hand	<u>10,743</u>
Assets of a disposal group classified as held for sale	<u>706,367</u>
Borrowings	256,859
Accounts payable	126,457
Other payables and accrued charges	127,009
Derivative financial instruments	624
Tax payables	<u>7,168</u>
Liabilities of a disposal group classified as held for sale	<u>518,117</u>
Net assets of a disposal group classified as held for sale	<u><u>188,250</u></u>

As at 30 September 2011, there was an amount of HK\$45,860,000 due to the Distributed Businesses by the Retained Businesses which had been eliminated in the Group's consolidated financial statements. This amount is expected to be fully settled upon the distribution in specie.

12. OTHER ASSETS

	30 September 2011 <i>HK\$'000</i> (Unaudited)	31 March 2011 <i>HK\$'000</i> (Audited)
Cash surrender value of life insurance contract	—	2,161

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

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

13. ACCOUNTS RECEIVABLE

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

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

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

	30 September 2011	31 March 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 1 month	11,091	37,996
Over 1 month but within 3 months	7,682	50,118
Over 3 months but within 6 months	7,678	31,765
Over 6 months but within 1 year	1,722	11,828
Over 1 year	—	1,281
	<u>28,173</u>	<u>132,988</u>

14. BORROWINGS

	30 September 2011	31 March 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
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
	<u>—</u>	<u>258,064</u>

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

	30 September 2011 <i>HK\$'000</i> (Unaudited)	31 March 2011 <i>HK\$'000</i> (Audited)
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) The interest-bearing borrowings, including the term loans repayable on demand, are carried at amortised cost.
- (b) No banking facilities of the Group as at 30 September 2011 (31 March 2011: HK\$316,339,000, of which HK\$258,064,000 has been utilised).
- (c) No banking facilities are secured by the pledge of the Group's leasehold land and buildings (31 March 2011: HK\$38,005,000 of the carrying amounts).
- (d) No borrowings of the Group as at 30 September 2011 were secured by corporate guarantees provided by the Company (31 March 2011: HK\$258,064,000).
- (e) The maturity date of the discounted bills recourse is within 3 to 6 months from inception date of the discounted bills.

15. ACCOUNTS PAYABLE

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

	30 September 2011 <i>HK\$'000</i> (Unaudited)	31 March 2011 <i>HK\$'000</i> (Audited)
Within 1 month	105	25,652
Over 1 month but within 3 months	2	38,171
Over 3 months but within 6 months	—	43,425
Over 6 months	33	5,546
	140	112,794

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

16. 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 30 September 2011	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 31 March 2011	271,700,000	2,717
Exercise of share options	<u>1,910,000</u>	<u>19</u>
At 30 September 2011	<u>273,610,000</u>	<u>2,736</u>

In September 2011, 1,910,000 ordinary shares were issued as a result of the exercise of vested options arising from the 2007 share option programme granted to key management (31 March 2011: nil). Options were exercised at an average price of \$1.27 per option.

17. COMMITMENTS

(a) Capital commitment

Capital commitments in respect of acquisition of property, plant and equipment and capital contribution in an associate outstanding at the end of reporting period not provided for in the financial statements were as follows:

	30 September 2011 HK\$'000 (Unaudited)	31 March 2011 HK\$'000 (Audited)
Contracted but not provided for:		
Payment of construction cost	6	2,261
Interest in associates	<u>—</u>	<u>5,585</u>

(b) Operating lease commitments

As lessee

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

APPENDIX II FINANCIAL INFORMATION OF THE FORMER GROUP

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

	Six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Operating lease rentals		
— minimum lease payments	<u>1,083</u>	<u>7,570</u>

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

	30 September	31 March
	2011	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 1 year	277	8,579
In the 2 to 5 years	238	12,905
Later than 5 years	<u>309</u>	<u>7,232</u>
	<u>824</u>	<u>28,716</u>

18. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sale of goods to 上海億炫珠寶有限公司 (<i>note i</i>)	1,218	—
Sale of goods to Noblediam S.L. (<i>note i</i>)	—	9,315
Sale of goods to Pesona Noble Jewelry Limited (<i>note i</i>)	—	2,099
Sale of goods to 上海城隍珠寶有限公司 (<i>note i</i>)	352	342
Sale return of goods from 山東嘉億珠寶有限公司 (<i>note i</i>)	(12)	492
Management fees received from Noblediam S.L. (<i>note ii</i>)	—	89
Management fees received from Pesona Noble Jewelry Limited (<i>note ii</i>)	—	120
Rental, utilities charges and building management fees paid to Guangzhou Weile Jewelry Park Company Limited in which Mr. Chan Yuen Hing, a director and shareholder of the Company (“Mr. Chan”), has beneficial interests (<i>note iii</i>)	242	1,893
Rental, utilities charges and building management fees paid to Guangzhou Worldmart Jewelry & Gems Emporium Limited in which Mr. Chan has beneficial interests (<i>note iii</i>)	—	160
Rental expenses paid to 上海城隍珠寶有限公司 (<i>note iii</i>)	—	21

Notes:

- (i) Sale of goods was determined at cost of materials and production cost plus a percentage of mark-up.
- (ii) Management fee income received was agreed by both parties at a fixed sum or cost incurred.
- (iii) The rental, utilities charges and building management fees were paid pursuant to the respective lease agreements.

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

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma financial information of the Group and the text of the accountants' report of BDO Limited, Certified Public Accountants, Hong Kong thereon, which were prepared for the purpose of and set out in Appendix V to the Circular, are reproduced below. Capitalised terms used in this section shall have the same meanings as those defined in the accountants' report.

“(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**Introduction**

The following is a summary of an illustrative and unaudited pro forma consolidated statement of financial position, pro forma consolidated statement of comprehensive income and pro forma consolidated statement of cash flows (collectively referred to as the “Pro Forma Financial Information”) of the Remaining Group, which have been prepared on the basis of notes set out below for the purpose of illustrating the effect of the proposed reorganisation of the Group and distribution in specie, as if the Group Reorganisation and Distribution In Specie was taken place on 31 March 2011 for the pro forma consolidated statement of financial position and as if the Group Reorganisation and Distribution In Specie had taken place at the commencement of the year ended 31 March 2011 for the pro forma consolidated statement of comprehensive income and pro forma consolidated statement of cash flows.

This unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgements, estimations and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 31 March 2011 or at any future date or the results and cash flows of the Group for the year ended 31 March 2011 or for any future period.

The unaudited Pro Forma Financial Information of the Remaining Group should be read in conjunction with the accountants' report on the Group and other financial information included elsewhere in this circular.

(I) Unaudited pro forma consolidated statement of financial position of the Remaining Group

The unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 March 2011 has been prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2011, which is extracted from the accountants' report of the Company as set out in Appendix II to the circular, after making pro forma adjustments relating to the Group Reorganisation and the Distribution In Specie that are directly attributable to the transaction and factually supportable.

	The Group as at 31 March 2011 HK\$'000	Pro forma adjustments								Pro forma the Remaining Group as at 31 March 2011 HK\$'000
		HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)	HK\$'000 (Note 8)	
Non-current assets										
Property, plant and equipment	93,636	(78,446)				(597)				14,593
Associates	75,167	(75,167)								—
Other assets	2,161	(2,161)								—
	<u>170,964</u>									<u>14,593</u>
Current assets										
Inventories	359,810	(316,859)			(18,571)					24,380
Accounts receivable	132,988	(122,005)								10,983
Other receivables, deposits and prepayments	15,810	(10,410)								5,400
Amounts due from related parties	15,866	(15,866)								—
Amount due from Distributed Businesses	—	29,804	(3,601)	(1,800)	18,571	597	(27,144)	(16,427)		—
Cash at banks and in hand	14,303	(9,556)						16,427	(5,000)	16,174
	<u>538,777</u>									<u>56,937</u>
Current liabilities										
Borrowings	258,064	(244,698)								13,366
Accounts payable	112,794	(112,706)								88
Other payables and accrued charges	74,911	(67,526)	(3,573)							3,812
Amount due to a related party	389	(361)	(28)							—
Derivative financial instruments	31	(31)								—
Tax payables	3,396	(3,396)								—
	<u>449,585</u>									<u>17,266</u>
Net current assets	<u>89,192</u>									<u>39,671</u>
Total assets less current liabilities	260,156									54,264
Non-current liabilities										
Deferred tax liabilities	1,017	(724)								293
Net assets	<u>259,139</u>									<u>53,971</u>
Equity										
Share capital	2,717									2,717
Reserves	256,422	(171,224)		(1,800)			(27,144)		(5,000)	51,254
Total equity	<u>259,139</u>									<u>53,971</u>

Notes:

- (1) The adjustment, which is extracted from the note 41(c) to the Financial Information of the Group as set out in Appendix II, represents the exclusion of the assets and liabilities attributable to the Distributed Businesses, assuming the Group Reorganisation and Distribution In Specie was taken place on 31 March 2011.
- (2) The adjustment represents the reinstatement of the balances among the Remaining Group, Distributed Businesses and their related parties as at 31 March 2011, assuming the Group Reorganisation and Distribution In Specie was taken place on 31 March 2011.
- (3) The adjustment represents the issue of promissory note in amount of HK\$1,800,000 for internal transfer of the entire interest of Sinoble Jewelry Limited (“Sinoble HK”) from Noble Jewelry Limited (within the Distributed Businesses) to the Company. Sinoble HK forms part of the businesses which will be retained by the Remaining Group and therefore its net assets have been excluded from the assets and liabilities attributable to the Distributed Businesses.
- (4) The adjustment represents the transfer of inventories of the Retained Businesses held for retail to the Distributed Businesses at net carrying amount.
- (5) The adjustment represents the transfer of leasehold improvements of the Retained Businesses in the premises at 廣州市番禺區沙灣鎮福龍路999號沙灣珠寶產業園內13座 (“B3”), other than those in relation to Zone A on the first floor of B3 to the Distributed Businesses at net carrying amount.
- (6) The adjustment represents the issue of promissory note in amount of HK\$27,144,000 as capital consideration for the establishment of Privateco for the purpose of holding the Distributed Businesses.
- (7) The adjustment represents the cash settlement of the outstanding intra-group balances between the Remaining Group and Distributed Businesses upon the completion of the Group Reorganisation.
- (8) The adjustment represents the estimated legal and professional fees in relation to the Group Reorganisation and Distribution In Specie.
- (9) Except for the Group Reorganisation, no adjustment has been made to reflect any trading result or other transaction of the Group or the Distributed Businesses entered into subsequent to 31 March 2011.

(II) Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group

The unaudited pro forma consolidated statement of comprehensive income of the Remaining Group has been prepared based on the audited consolidated statement of comprehensive income of the Group for the year ended 31 March 2011, which is extracted from the Accountants' Report as set out in Appendix II, after making pro forma adjustments relating to the Group Reorganisation and Distribution In Specie that are directly attributable to the transaction and factually supportable.

	Audited results of the Group for the year ended 31 March 2011 HK\$'000	Pro forma adjustments			Pro forma results of the Remaining Group for the year ended 31 March 2011 HK\$'000
		HK\$'000 (Note 10)	HK\$'000 (Note 11)	HK\$'000 (Note 12)	
Turnover	643,399	(585,324)	(12,074)		46,001
Cost of sales	<u>(491,673)</u>	440,704	10,744		<u>(40,225)</u>
Gross profit	151,726				5,776
Other revenue	7,941	(5,762)		(1,756)	423
Distribution costs	(43,587)	36,510	1,159	2,059	(3,859)
Administrative expenses	(119,973)	117,887	191	123	(1,772)
Other gains and losses	339	(453)			(114)
Finance costs	(6,473)	6,137	294		(42)
Share of profit of associates, net	<u>4,018</u>	(4,018)			<u>—</u>
(Loss)/profit before income tax	(6,009)				412
Income tax expense	<u>(4,405)</u>	4,405			<u>—</u>
(Loss)/profit for the year	<u>(10,414)</u>				<u>412</u>
Other comprehensive income					
Surplus on revaluation of leasehold land and buildings	6,837	(5,959)			878
Exchange differences on translating foreign operations	<u>2,597</u>	(1,142)			<u>1,455</u>
Other comprehensive income for the year, net of tax	<u>9,434</u>				<u>2,333</u>
Total comprehensive income for the year	<u>(980)</u>				<u>2,745</u>

Notes:

- (10) The adjustment, which is extracted from the note 41(c) to the Financial Information of the Group as set out in Appendix II, represents the exclusion of the income and expenses attributable to the Distributed Businesses, assuming the Group Reorganisation and Distribution In Specie had been taken place at the commencement of the year ended 31 March 2011.
- (11) The adjustment, which is extracted from the note 41(d) to the Financial Information of the Group as set out in Appendix II, represents the exclusion of the income and expenses attributable to the jewelry retail business in the PRC, assuming the PRC jewelry retail business as specified in the Group Reorganisation had been terminated at the commencement of the year ended 31 March 2011.
- (12) The adjustment represents the exclusion of the rental income and expenses attributable to the portion of B3 which had been terminated and would not be used by the Remaining Group pursuant to the Group Reorganisation at the commencement of the year ended 31 March 2011.
- (13) No gain or loss is expected to recognise by the Remaining Group as a result of completion of the Distribution In Specie.

(III) Unaudited pro forma consolidated statement of cash flows of the Remaining Group

The unaudited pro forma consolidated statement of cash flows of the Remaining Group has been prepared based on the audited consolidated statement of cash flows of the Group for the year ended 31 March 2011, which is extracted from the Accountants' Report as set out in Appendix II, after making pro forma adjustments relating to the Group Reorganisation and Distribution In Specie that are directly attributable to the transaction and factually supportable.

	Audited cash flows of the Group for the year ended 31 March 2011 HK\$'000	HK\$'000 (Note 13)	Pro forma adjustments				Pro forma cash flows of the Remaining Group for the year ended 31 March 2011 HK\$'000
			HK\$'000 (Note 14)	HK\$'000 (Note 15)	HK\$'000 (Note 16)	HK\$'000 (Note 17)	
Cash flows from operating activities							
(Loss)/profit before income tax	(6,009)	5,681		314	426		412
Adjustment for:							
Share of results of associates, net	(4,018)	4,018					—
Depreciation of property, plant and equipment	10,422	(8,710)					1,712
Provision for bad and doubtful debts, net	1,195	(1,195)					—
Write-down of inventories	318	(318)					—
Net fair value losses of forward foreign currency contracts and interest rate swap contract not qualifying as hedges	31	(31)					—
Bank interest income	(449)	449					—
Interest expenses	4,878	(4,550)		(294)			34
Operating cash flows before working capital	6,368						2,158
Increase in inventories	(96,763)	86,003		632			(10,128)
Increase in accounts receivables	(30,500)	26,519		3,679			(302)
Decrease in other receivables, deposits and prepayments	12,993	(10,959)					2,034
Decrease in amounts due from related parties	4,881	(8,307)					(3,426)
Increase in accounts payable	444	(1,301)					(857)
Increase in other payables and accrued charges	29,275	(27,849)	(3,573)				(2,147)
Increase in amount due to Distributed Businesses	—	5,439	2,334			(11,706)	(3,933)
(Decrease)/increase in amounts due to related parties	(677)	3,517	(2,693)				147
Effect of change in foreign exchange rate	2,795	(2,620)					175

	Audited cash flows of the Group for the year ended 31 March 2011		Pro forma adjustments					Pro forma cash flows of the Remaining Group for the year ended 31 March 2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Note 13)	(Note 14)	(Note 15)	(Note 16)	(Note 17)		
Cash used in operations	(71,184)							(16,279)
Income tax paid	(2,381)	2,381						—
Interest element of finance lease payments	(1)	1						—
Interest paid	(4,877)	4,549		294				(34)
Net cash used in operating activities	(78,443)							(16,313)
Cash flows from investing activities								
Proceeds from disposal of property, plant and equipment	106	(8)						98
Payments to acquire property, plant and equipment	(41,855)	40,384						(1,471)
Capital contribution from non-controlling shareholders	1,029	(1,029)						—
Interest received	449	(449)						—
Acquisition of associates, net cash acquisition	(8,619)	8,619						—
Net cash used in investing activities	(48,890)							(1,373)
Cash flows from financing activities								
Increase in trust receipts and other loans	69,647	(69,647)						—
Repayment of finance lease obligations	(40)	40						—
New bank loans raised	49,506	(36,140)						13,366
Repayment of bank loans	(10,191)	10,191						—
Contribution from Remaining Group	—	(3,932)	3,932					—
Net cash generated from financing activities	108,922							13,366
Net (decrease)/increase in cash and cash equivalents	(18,411)							(4,320)
Effect of change in foreign exchange rate	320	(165)						155
Cash and cash equivalents at beginning of year	27,452	(25,195)					17,236	19,493
Cash and cash equivalents at end of year	9,361							15,328

Notes:

- (13) The adjustment, which is extracted from the note 41(c) to the Financial Information of the Group as set out in Appendix II, represents the exclusion of the cash flows attributable to the Disposal Group, assuming the Group Reorganisation and Distribution In Specie had been taken place at the commencement of the year ended 31 March 2011.
- (14) The adjustment represents the reinstatement of the cash flows among the Remaining Group, Distributed Businesses and their related parties for the year ended 31 March 2011, assuming the Group Reorganisation and Distribution In Specie had been taken place at the commencement of the year ended 31 March 2011.
- (15) The adjustment, which is extracted from the note 41(d) to the Financial Information of the Group as set out in Appendix II, represents the exclusion of the cash flows attributable to the jewelry retail business in the PRC, assuming the PRC jewelry retail business as specified in the Group Reorganisation had been terminated at the commencement of the year ended 31 March 2011.
- (16) The adjustment represents the exclusion of the cash flows attributable to the portion of B3 which will not be leased and used by the Remaining Group pursuant to the Group Reorganisation at the commencement of the year ended 31 March 2011.
- (17) The adjustment represents (i) the cash settlement of the outstanding intra-group balances of HK\$33,207,000 between the Remaining Group and Distributed Businesses as at 31 March 2010, after taking into consideration the transfer of inventories and leasehold improvements of the Retained Business to the Distributed Business with carrying amounts of HK\$17,939,000 and HK\$34,000 respectively at 31 March 2010 and issue of promissory notes of HK\$1,800,000 and HK\$27,144,000 for internal transfer of Sinoble HK and establishment of Privateco respectively; (ii) reversal of cash movements between the Remaining Group and Distributed Businesses during the year ended 31 March 2011, except for the contribution to the Distributed Businesses by the Remaining Group; and (iii) payment of estimated legal and professional fees of HK\$5,000,000 in relation to the Group Reorganisation and Distribution In Specie, assuming the Group Reorganisation and Distribution In Specie had been taken place at the commencement of the year ended 31 March 2011.

(B) ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**To the Board of Directors of Noble Jewelry Holdings Limited**

We report on the unaudited pro forma financial information of Noble Jewelry Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to the "Group"), comprising unaudited pro forma consolidated statement of financial position as at 31 March 2011, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2011, which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Group Reorganisation and Distribution In Specie (the Group excluding the Distributed Businesses hereinafter referred to as the "Remaining Group") might have affected the financial information presented, for inclusion in Appendix V to the circular dated 30 September 2011 (the "Circular").

The basis of preparation of the unaudited pro forma financial information is set out on the page V-1 of the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by Rule 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Group as at 31 March 2011 or any future date; or
- the results and cash flows of the Group for the year ended 31 March 2011 or any future period.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.”

2. INDEBTEDNESS STATEMENT

At the close of business on 31 August 2011, for the purpose of this indebtedness statement, the Group had borrowings of approximately HK\$15.7 million which were secured by the pledge of the Group's leasehold land and building with carrying amounts of HK\$12.4 million, the pledge of a bank deposit of HK\$24,000 and guarantees from certain subsidiaries of the Company.

As at 31 August 2011, the Group had no significant capital expenditure contracted but not provided.

As at 31 August 2011, the Group's total future minimum lease payments under non-cancellable operating leases in respect of rented office premises and warehouses amounted to approximately HK\$0.8 million.

Apart from the intra-group liabilities and normal trade bills arising in the ordinary course of business, as at the close of business on 31 August 2011, the Group did not have any other outstanding indebtedness, loan capital, bank overdrafts and liabilities under acceptances (other than normal trade payables) or other similar indebtedness, debentures, mortgages, charges or loans or acceptance creditors or hire purchase or finance lease commitments, guarantees or contingent liabilities.

3. MATERIAL CHANGE

The Directors confirm that, save for the Group Reorganisation, the Share Premium and Reserve Application and the Distribution In Specie as set out in the Circular, and that the Group has ceased to carry on the Distributed Businesses and is only engaged in the Remaining Businesses pursuant to the Group Reorganisation and completion of the Distribution In Specie on 21 November 2011, as at the Latest Practicable Date, there has been no material change in the financial or trading position or outlook of the Group since 31 March 2011, being the date to which the latest published audited accounts of the Company as set out in Appendix II to this Listco Composite Document were made up, up to the Latest Practicable Date.

4. RECONCILIATION STATEMENT OF PROPERTY INTEREST OF THE GROUP

A reconciliation of the carrying amount of the relevant property interest as at 31 March 2011 to market value as at 30 September 2011 as stated in the property valuation report set out in Appendix IV to this Listco Composite Document is as follows:

	<i>HK\$'000</i>
Carrying amount of the Group's property interest as at 31 March 2011	12,237
Less: Depreciation for the period from 1 April 2011 to 30 September 2011	(223)
Add: exchange adjustments	<u>325</u>
Carrying amount of the Group's property interest as at 30 September 2011	12,339
Valuation as at 30 September 2011 as stated in the property valuation report set out in Appendix IV to this Listco Offer Document	<u>12,237</u>
Valuation deficit	<u><u>(102)</u></u>

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this document received from Avista Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 30 September 2011 of the property interests of the Group.



AVISTA Valuation Advisory
艾華迪評估諮詢

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28 November 2011

The Board of Directors
Noble Jewelry Holdings Limited
Unit 16-A3, 1/F.,
Focal Industrial Centre, Block A,
21 Man Lok Street,
Hung Hom,
Kowloon

Dear Sirs/Madams,

We were instructed by Noble Jewelry Holdings Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) to value the property interests held by the Company located in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interests as at 30 September 2011 (the “date of valuation”).

The valuation is our opinion of market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council and the Rule 11 of the Codes on Takeovers and Mergers and Share Repurchases issued by Securities and Futures Commission.

Our valuation has been made on the assumption that the owner sells the property interests in the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no forced sale situation in any manner is assumed in our valuation.

We have valued the property interest of the property by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — King & Wood, concerning the validity of the property interests in the PRC.

We have relied a very considerable extent on the information given to us by the Company in the course of valuation. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We have accepted advice given to us on such matters as title, planning approvals, statutory notices, easements, tenure, leases, particulars of occupancy, identification of property, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been made to verify their correctness. We have been advised by the Company that no material factors have been omitted from the information supplied to reach an informed view, and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the correctness of the land or building areas in respect of the property but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar properties in The PRC, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. We have also assumed that there was not any material change of the property in between date of our inspection and the valuation date.

We have inspected the exterior and, where possible, the interior of the appraised property. However, we must point out that we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible, we are therefore unable to report and any such part of the property are free

from rot, infestation or any other defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the property or on adjoining or neighbouring land or that the property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their value.

In accordance with our standard practice, this valuation certificate is for the exclusive use of the party to whom it is addressed and no responsibility is accepted to the third party for the whole or any part of its contents.

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (HK\$).

Our valuation is summarized below and the valuation certificate are attached.

Yours faithfully,
for and on behalf of
Avista Valuation Advisory Limited
Oswald W Y Au
MHKIS AAPI MSc(RE)
Registered Professional Surveyor
Assistant Vice President

Note: Mr. Oswald W Y Au holds a Master 's Degree of Science in Real Estate from the University of Hong Kong. He is also a member of Hong Kong Institute of Surveyors (General Practice) and Associate Member of Australian Property Institute. In addition, he is a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has about 4 years' experience in the valuation of properties in the PRC and 7 years of property valuation experience in Hong Kong, the U.S., Canada, East and Southeast Asia.

VALUATION CERTIFICATE

Property interests held by the Group for investment and occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2011 HK\$
1.	Block 46 Sha Wan Jewelry Industrial Park No.999 Fulong Road Sha Wan Panyu District Guangdong the PRC	<p>The property comprises a 6-storey dormitory building erected upon a parcel of land with a site area of approximately 1,162.4 sq. m.</p> <p>The building has a gross floor area of approximately 5,227.5 sq.m. completed in about 2008.</p> <p>The land use rights of the property has been granted to the Group for a term due to expire on 12 January 2047 for industrial and storage use. The usage of the building thereon has been planned for dormitory use.</p>	<p>Portions of the property were occupied by the Group with a gross floor area of approximately 2,091 sq.m. and the remaining portions were leased to Guangzhou Yizuan Jewelry Co., Ltd. (廣州市億鑽珠寶有限公司) with a gross floor area of approximately 2,439.06 sq.m. for dormitory use purpose respectively.</p>	12,237,000

Notes:

- Pursuant to a Sales and Purchase Agreement, dated 11th December 2007 — He Tong Bian Hao: WL-SD-2007001 entered into between Guangzhou Weile Jewelry Park Company Limited (廣州威樂珠寶產業園有限公司) and Guangzhou Sinoble Jewelry Limited (廣州億恆珠寶有限公司), Guangzhou Sinoble Jewelry Limited (廣州億恆珠寶有限公司) was entitled to use a dormitory with a gross floor area of approximately 5,227.5 sq.m. at a total consideration of RMB9,409,500 (or equivalent to HK\$9,880,000). The consideration will be paid by the Group. As advised by the Group, the Group has paid up the relevant consideration to Guangzhou Weile Jewelry Park Company Limited (廣州威樂珠寶產業園有限公司).
- According to the Real Estate Title Certificate No. C6520457 issued by People's Government of Guangzhou City dated 2 December 2007, the rights to use of the land and building have been vested in Guangzhou Sinoble Jewelry Limited (廣州億恆珠寶有限公司), a wholly-owned subsidiary of the Company.
- Pursuant to a tenancy agreement and information provided by the Group, portions of the property with 90 rooms on level 2, 3 and 4 which have a total gross floor area of approximate 3,136.5 sq.m. were leased to Guangzhou Yizuan Jewelry Co., Ltd (廣州市億鑽珠寶有限公司) a member of the Privateco Group, for a term of one year commencing on 1st September, 2011 and expiring on 31st August, 2012 at an annual rent of RMB216,000, exclusive of electricity, water and other outgoing charges.

4. We have been provided with a legal opinion regarding, among other things, the property interests by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a) Guangzhou Sinoble Jewelry Limited is the legitimate owner of the property and holds the corresponding land use right in respect of the property.
 - b) The tenancy agreement is valid and legally binding under the PRC laws.

(1) RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Listco Composite Document (other than information relating to Resources Rich) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Listco Composite Document (other than opinions expressed by Resources Rich) have been arrived at after due and careful consideration and there are no other facts not contained in this Listco Composite Document, the omission of which would make any statement in this Listco Composite Document misleading.

The directors of Resources Rich jointly and severally accept full responsibility for the accuracy of the information contained in this Listco Composite Document (other than information relating to the Group and the Former Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Listco Composite Document (other than opinions expressed by the Group and the Former Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Listco Composite Document, the omission of which would make any statement in this Listco Composite Document misleading.

(2) SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

HK\$'000

Authorised share capital:

10,000,000,000 Shares of HK\$0.01 each	100,000
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Issued and fully paid up:

273,610,000 Shares of HK\$0.01 each	2,736.1
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All issued Shares rank equally in all respects, including in particular as to dividend, voting rights and return on capital. Since 31 March 2011, the date to which the latest published audited financial statements of the Company were made up, and up to the Latest Practicable Date, the Company issued an aggregate of 1,910,000 Shares pursuant to the exercise of Share Options.

The Shares are listed and traded on the main board of the Stock Exchange. None of the Shares is listed, or dealt in, on other stock exchange, nor is any listing of or permission to deal in the Shares being, or proposed to be, sought on any other stock exchange.

(3) SHARE OPTIONS

Since 31 March 2011, the date to which the latest published audited financial statements of the Company were made up, and up to the Latest Practicable Date, 23 Optionholders exercised their Share Options to subscribe for an aggregate of 1,910,000 Option Shares at an exercise price of HK\$1.27 per Option Share on 20 September 2011. Among them, four Directors, namely Mr. Tang Chee Kwong, Ms. Chan Lai Yung, Mr. Tsang Wing Ki and Mr. Lai Wang, respectively exercised Share Options to subscribe for 200,000, 200,000, 150,000 and 100,000 Option Shares at an exercise price of HK\$1.27 per Option Share on 20 September 2011. An aggregate of 1,910,000 new Shares, representing approximately 0.70% and 0.70% of the entire issued share capital of the Company immediately before and after such exercise, respectively, were issued to the Optionholders as a result of such exercise. As at the Latest Practicable Date, save for the outstanding Share Options, which conferred the rights to Mr. Chan, being the only Optionholder, to subscribe at HK\$1.27 per Option Share for (i) an aggregate of 100,000 Option Shares during the exercise period from 1 February 2010 to 31 January 2012; and (ii) an aggregate of 100,000 Option Shares during the exercise period from 1 February 2011 to 31 January 2012, the Company had no other options, warrants and conversion rights convertible into the Shares.

(4) DISCLOSURE OF INTEREST**(a) Directors' and chief executive's interests or short positions in the Shares, underlying Shares and debentures of the Company and associated corporations**

As at the Latest Practicable Date, the interest of the Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were set out as follows:

Long Positions

Name of Director	Capacity	Number of issued Shares held (including underlying Shares)	Approximate percentage of the issued ordinary share capital of the Company (Note 4)
Mr. Chan	(Note 1)	200,000	0.07%
Mr. Tang Chee Kwong	(Note 2)	5,202,000	1.90%
Ms. Chan Lai Yung	(Note 3)	3,238,000	1.18%
Mr. Lai Wang	Beneficial owner	100,000	0.04%
Mr. Tsang Wing Ki	Beneficial owner	310,000	0.11%

Notes:

- (1) Mr. Chan had a direct interest of 200,000 Shares which are outstanding Share Options granted by the Company to subscribe for 200,000 Option Shares at an exercise price of HK\$1.27 per Option Share.
- (2) Mr. Tang Chee Kwong had a direct interest of 4,702,000 Shares and a deemed interest of 500,000 Shares held by his spouse, Ms. Lee Yuen Kee pursuant to the SFO.
- (3) Ms. Chan Lai Yung had a direct interest of 3,236,000 Shares and a deemed interest of 2,000 Shares held by her spouse, Mr. Kok Sui Sing pursuant to the SFO.
- (4) The percentage is calculated based on the number of Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, no interest and short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) were held by any Director or chief executive of the Company which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO), or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests and short positions in the Shares

Save as disclosed below, so far as was known to the Directors or chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director or chief executive of the Company, had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or held any option in respect of such capital:

Interests in the Shares

Name of Shareholder	Capacity	Number of issued Shares held	Approximate percentage of the issued ordinary share capital of the Company (Note 5)
Resources Rich	Beneficial owner	197,142,000	72.05%
Hu Yishi	Interest in controlled corporation (Note 1)	197,142,000	72.05%
Lin Min	Interest of spouse (Note 2)	197,142,000	72.05%
Hu Yangjun	Interest in controlled corporation (Note 3)	197,142,000	72.05%
Zhang Qi	Interest of spouse (Note 4)	197,142,000	72.05%

Notes:

- (1) Resources Rich is owned as to 50% by Hu Yishi and 50% by Hu Yangjun. Accordingly, Hu Yishi is deemed to be interested in the 197,142,000 Shares interested in by Resources Rich pursuant to the SFO.
- (2) Lin Min is the spouse of Hu Yishi. Accordingly, she is deemed to be interested in the 197,142,000 Shares which Hu Yishi is interested in pursuant to the SFO.
- (3) Resources Rich is owned as to 50% by Hu Yishi and 50% by Hu Yangjun. Accordingly, Hu Yangjun is deemed to be interested in the 197,142,000 Shares interested in by Resources Rich pursuant to the SFO.
- (4) Zhang Qi is the spouse of Hu Yangjun. Accordingly, she is deemed to be interested in the 197,142,000 Shares which Hu Yangjun is interested in pursuant to the SFO.
- (5) The percentage is calculated based on the number of Shares in issue as at the Latest Practicable Date.

(5) ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

- (a) As at the Latest Practicable Date, the Group did not have any beneficial interest in the shares, convertible securities, warrants, options and derivatives of Resources Rich, and the Company had not dealt for value in any shares, convertible securities, warrants, options or derivatives of Resources Rich during the Relevant Period.
- (b) As at the Latest Practicable Date, save for the respective interests of each of Mr. Chan, Mr. Tang Chee Kwong, Ms. Chan Lai Yung, Mr. Lai Wang and Mr. Tsang Wing Ki as disclosed under the paragraph headed “Disclosure of Interest” in this appendix, none of the Directors had any interests in any Shares, convertible securities, warrants, options or derivatives of the Company, and save for the entering into of the Share Sale Agreement (which was completed on 21 November 2011), the Share Charge (which has been released on 21 November 2011) and save for each of Mr. Tang Chee Kwong, Ms. Chan Lai Yung, Mr. Tsang Wing Ki and Mr. Lai Wang having exercised their Share Options to subscribe for 200,000, 200,000, 150,000 and 100,000 Option Shares respectively at an exercise price of HK\$1.27 per Option Share on 20 September 2011, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.
- (c) As at the Latest Practicable Date, none of the Directors had any interests in any shares, convertible securities, warrants, options or derivatives of Resources Rich, and none of the Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives of Resources Rich during the Relevant Period.
- (d) None of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of a subsidiary of the Company; or (iii) any advisers to the Company (as specified in class (2) of the definition of “associate” under the Takeovers Code) had any interest in the Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.
- (e) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.
- (f) No Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company as at the Latest Practicable Date, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

- (g) As at the Latest Practicable Date, (i) Mr. Chan had given an irrevocable undertaking not to exercise the subscription rights attached to the Share Options held by him prior to the close of the Listco Share Offer and not to accept the Listco Option Offer; and (ii) each of Ms. Chan Lai Yung, Mr. Tang Chee Kwong, Mr. Lai Wang and Mr. Tsang Wing Ki, each a Director, intended to accept the Listco Share Offer in respect of the 3,236,000, 4,702,000, 100,000 and 310,000 Shares he/she beneficially owns respectively.
- (h) As at the Latest Practicable Date, no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company had been borrowed or lent by any of the Directors or by the Company.
- (i) As at the Latest Practicable Date, no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Listco Share Offer.
- (j) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Listco Share Offer or otherwise connected with the Listco Share Offer.
- (k) As at the Latest Practicable Date, save for the Share Sale Agreement (which was completed on 21 November 2011), there was no material contract entered into by Resources Rich or its ultimate beneficial owners in which any Director had a material personal interest.
- (l) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between any member of Resources Rich, its ultimate beneficial owners and parties acting in concert with any of them and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Listco Share Offer.
- (m) Save as disclosed in the sub-paragraph headed “Substantial Shareholders’ interests and short positions in the Shares” in this appendix, none of Resources Rich, its ultimate beneficial owners, any parties acting in concert with any of them and any of its directors owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date, and save for the entering into of the Share Sale Agreement (which was completed on 21 November 2011) and the Share Charge (which was released on 21 November 2011), none of them had dealt for value in any such securities during the Relevant Period.
- (n) As at the Latest Practicable Date, no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company had been borrowed or lent by Resources Rich, its ultimate beneficial owners and parties acting in concert with any of them.

- (o) As at the Latest Practicable Date, Mr. Chan was holding Share Options conferring the right to subscribe at HK\$1.27 per Option Share for 100,000 Option Shares during an exercise period from 1 February 2010 to 31 January 2012 and another 100,000 Option Shares during an exercise period from 1 February 2011 to 31 January 2012 and had irrevocably and unconditionally undertaken to Resources Rich under the Share Sale Agreement that he would (i) not exercise any subscription rights attached to the Share Options held by him prior to the close of the Listco Share Offer; and (ii) not accept the Listco Option Offer. In addition, as informed by the Company, as at the Latest Practicable Date, each of Ms. Chan Lai Yung, Mr. Tang Chee Kwong, Mr. Lai Wang and Mr. Tsang Wing Ki, each a Director, intended to accept the Listco Share Offer in respect of the 3,236,000, 4,702,000, 100,000 and 310,000 Shares he/she beneficially owns respectively. Save for the aforesaid, Resources Rich had not received any indication or irrevocable commitment from any Independent Shareholder or Optionholder that he/she/it would accept or reject the Listco Share Offer or Listco Option Offer as at the Latest Practicable Date.
- (p) As at the Latest Practicable Date, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between Resources Rich, its ultimate beneficial owners or any person acting in concert with any of them or its associates and any other person.
- (q) As at the Latest Practicable Date, there was no agreement or arrangement to which Resources Rich was a party which related to the circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Listco Share Offer.
- (r) As at the Latest Practicable Date, Resources Rich and its ultimate beneficial owners had no agreement, arrangement or understanding to transfer, charge or pledge the Shares to be acquired in pursuance of the Listco Share Offer to any other persons.

(6) SERVICE CONTRACTS

As at the Latest Practicable Date, there was no service contracts with the Company or any of its subsidiaries or associated companies in force for the Directors (i) which (including both continuous and fixed term contracts) has been entered into or amended within 6 months before 9 September 2011 (being the date of commencement of the offer period); (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

(7) MARKET PRICES

- (a) The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$1.73 per Share on 20 October 2011 and HK\$0.90 per Share on 29 June 2011, respectively.

- (b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on the last trading day of each of the calendar months during the Relevant Period on which trading of the Shares took place:

Date	Closing Price of Shares HK\$
31 March 2011	1.08
29 April 2011	1.05
31 May 2011	1.13
30 June 2011	0.94
29 July 2011	1.13
31 August 2011	1.15
30 September 2011	1.46
31 October 2011	1.18

- (c) The closing price of the Shares on the Stock Exchange on 31 August 2011, being the last trading day immediately preceding the date of the Joint Announcement, was HK\$1.15 per Share.
- (d) The closing price of the Shares on the Stock Exchange on the Latest Practicable Date was HK\$1.22 per Share.

(8) LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

(9) MATERIAL CONTRACT

Save for the lease agreement entered into between Guangzhou Sinoble (as landlord) and Guangzhou Yizuan (as tenant) dated 21 September 2011 in respect of the leasing of a staff dormitory located at Pan Yu, Guangzhou, the PRC for 12 months from 1 September 2011 to 31 August 2012 at a rental of RMB18,000 per month, there had been no other contract, not being contract entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, entered by members of the Group after the date falling two years prior to 9 September 2011, being the date of commencement of the offer period, and up to the Latest Practicable Date which is or may be material.

(10) QUALIFICATION AND CONSENT OF EXPERTS

- (a) The following is the qualification of the experts who have given opinion or advice contained in this Listco Composite Document:

Name	Qualification
Avista Valuation Advisory Limited	Independent professional property valuer
BDO Limited	Certified Public Accountants
Messis Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Optima Capital	A licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Veda Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, each of Avista Valuation Advisory Limited, BDO Limited, Messis Capital Limited, Optima Capital and Veda Capital Limited had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member in the Group.
- (c) Each of Avista Valuation Advisory Limited, BDO Limited, Messis Capital Limited, Optima Capital and Veda Capital Limited has given and has not withdrawn its written consent to the issue of this Listco Composite Document with the inclusion of its letter and references to its name in the form and context in which they appear respectively.
- (d) As at the Latest Practicable Date, each of Avista Valuation Advisory Limited, BDO Limited, Messis Capital Limited, Optima Capital and Veda Capital Limited did not have any interest, direct or indirect, in any assets which had been, since 31 March 2011, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

(11) GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Unit 16-A3, 1/F., Focal Industrial Centre, Block A, 21 Man Lok Street, Hung Hom, Kowloon, Hong Kong.
- (c) The registered office of Resources Rich is at Sea Meadow House, Blackburne Highway (P.O. Box 116), Road Town, Tortola, BVI, and the correspondence address of Resources Rich is at Suites 4301–5, 43/F., Tower 1, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (d) As at the Latest Practicable Date, Mr. Hu Yangjun and Mr. Hu Yishi, who were deemed to be parties acting in concert with Resources Rich under the Takeovers Code, are the ultimate beneficial owners and the directors of Resources Rich and the correspondence address of Mr. Hu Yangjun and Mr. Hu Yishi is at Suites 4301–5, 43/F., Tower 1, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (e) The registered office of Mesis Capital Limited is at Room 2002, 20/F., Tower One, Lippo Centre, 89 Queensway, Hong Kong.
- (f) The registered office of Veda Capital Limited is at Suite 3214, 32/F., COSCO Tower, 183 Queen's Road Central, Hong Kong.
- (g) The registered office of Optima Capital is at Suite 1501, 15th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.
- (h) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (i) The company secretary of the Company is Mr. Sin Lap Poon, who is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators of the United Kingdom.
- (j) The English text of this Listco Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts in case of inconsistency.

(12) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the website of the SFC (www.sfc.hk) and the Company (www.475HK.com) and, during normal business hours on any weekday other than Hong Kong public holidays, at the Company's principal place

of business in Hong Kong at Unit 16-A3, 1/F., Focal Industrial Centre, Block A, 21 Man Lok Street, Hung Hom, Kowloon from the date of this Listco Composite Document until the close of the Listco Share Offer:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of Resources Rich;
- (c) the annual reports of the Company for the two financial years ended 31 March 2011;
- (d) the interim report of the Company for the six months ended 30 September 2011;
- (e) the accountants' report of the Company prepared by BDO Limited dated 30 September 2011;
- (f) the letter from the Board, the text of which is set out in this Listco Composite Document;
- (g) the letter from Optima Capital, the text of which is set out in this Listco Composite Document;
- (h) the letter of recommendation from the Independent Board Committee, the text of which is set out in this Listco Composite Document;
- (i) the letter of advice from the Joint Independent Financial Advisers, the text of which is set out in this Listco Composite Document;
- (j) the valuation report from Avista Valuation Advisory Limited, the text of which is set out in Appendix IV to this Listco Composite Document;
- (k) the written consents of the experts referred to in the section headed "Qualification and consent of experts" in this appendix;
- (l) the material contract referred to in the section headed "Material contract" in this appendix;
- (m) the unaudited pro forma financial information on the Group and the accountants' report thereon from BDO Limited contained in the Circular, the text of each of which is reproduced in Appendix III to this Listco Composite Document;
- (n) the statement of adjustments dated 30 September 2011 in respect of the audited consolidated financial statements of the Company for the year ended 31 March 2011 stated in the annual report of the Company for the year ended 31 March 2011; and
- (o) the Share Sale Agreement containing Mr. Chan's irrevocable undertaking (i) not to exercise any subscription rights attached to the Share Options held by him prior to the close of the Listco Share Offer; and (ii) not to accept the Listco Option Offer.