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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The board of directors (the "Board") of Noble Jewelry Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries ("Noble Jewelry" or the "Group") for the year ended 31 March 2011 together with the comparative audited figures for the year ended 31 March 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	Notes	**2011** ***HK$'000***	2010 *HK$'000*
Turnover	3	**643,399**	521,328
Cost of sales		**(491,673)**	(383,409)
Gross profit		**151,726**	137,919
Other revenue	3	**7,941**	2,454
Distribution costs		**(43,587)**	(35,942)
Administrative expenses		**(103,786)**	(91,359)
Other gains and losses	4	**339**	556
Finance costs	6	**(6,473)**	(5,371)
Share of profit/(loss) of associates, net		**4,018**	(336)
Profit before income tax	5	**10,178**	7,921
Income tax expense	7	**(4,405)**	(4,870)
Profit for the year		**5,773**	3,051
Other comprehensive income			
Surplus on revaluation of leasehold land and buildings		**6,837**	-
Exchange differences on translating foreign operations		**2,597**	812
Other comprehensive income for the year, net of tax		**9,434**	812
Total comprehensive income for the year		**15,207**	3,863

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Profit attributable to:			
- Owners of the Company		**7,613**	3,140
- Non-controlling interests		**(1,840)**	(89)
		5,773	3,051
Total comprehensive income attributable to:			
- Owners of the Company		**17,047**	3,952
- Non-controlling interests		**(1,840)**	(89)
		15,207	3,863
Earnings per share			
Basic and diluted (HK cents)	9	**2.80**	1.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Notes	31/3/2011 *HK$'000*	31/3/2010 *HK$'000* (Restated)	1/4/2009 *HK$'000* (Restated)
Non-current assets				
Property, plant and equipment		**93,636**	**51,240**	**49,004**
Associates		**75,167**	**63,510**	**62,874**
Deposits		**-**	**1,026**	**1,257**
Other assets		**2,161**	**2,110**	**-**
Deferred tax assets		**-**	**1,041**	**1,105**
		170,964	**118,927**	**114,240**
Current assets				
Inventories		**359,810**	**264,181**	**250,615**
Accounts receivable	10	**132,988**	**103,683**	**107,255**
Other receivables, deposits and prepayments		**15,810**	**28,803**	**15,756**
Amounts due from related parties		**15,866**	**20,747**	**8,700**
Cash at banks and in hand		**14,303**	**27,461**	**14,344**
		538,777	**444,875**	**396,670**
Current liabilities				
Borrowings		**258,064**	**144,169**	**160,113**
Accounts payable	11	**112,794**	**112,350**	**47,461**
Other payables and accrued charges		**58,724**	**45,636**	**43,681**
Amounts due to related parties		**389**	**1,066**	**4,363**
Obligations under finance leases		**-**	**40**	**119**
Derivative financial instruments		**31**	**120**	**-**
Tax payables		**3,396**	**1,331**	**806**
		433,398	**304,712**	**256,543**
Net current assets		**105,379**	**140,163**	**140,127**
Total assets less current liabilities		**276,343**	**259,090**	**254,367**
Non-current liabilities				
Deferred tax liabilities		**1,017**	**-**	**-**
Obligations under finance leases		**-**	**-**	**40**
		1,017	**-**	**40**
NET ASSETS		**275,326**	**259,090**	**254,327**
Equity				
Share capital		**2,717**	**2,717**	**2,717**
Reserves		**272,609**	**255,562**	**251,610**
Equity attributable to owners of the Company		**275,326**	**258,279**	**254,327**
Non-controlling interests		**-**	**811**	**-**
TOTAL EQUITY		**275,326**	**259,090**	**254,327**

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

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

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

(a) Adoption of new/ revised HKFRSs

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

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

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

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

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

(a) Adoption of new/ revised HKFRSs - continued

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

HKAS 17 (Amendments) – Leases

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

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

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

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

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

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

(a) Adoption of new/ revised HKFRSs – continued

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

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

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

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

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

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

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

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

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

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

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 statements.

3. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION

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

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

(b) Reportable segments

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

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

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

3. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION - Continued

(c) Geographical information

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

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

(d) Information about major customers

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

4. OTHER GAINS AND LOSSES

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

5. PROFIT BEFORE INCOME TAX

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

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

6. FINANCE COSTS

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

The analysis shows the finance costs of borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the years ended 31 March 2011 and 2010, the interest on borrowings which contain a repayment on demand clause amounted to HK$4,877,000 and HK$3,764,000 respectively.

7. INCOME TAX EXPENSE

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

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

(i) Hong Kong profits tax

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

(ii) PRC enterprise income tax

廣州億恒珠寶有限公司 is a wholly foreign-owned enterprise operated in the PRC with applicable tax rate at 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 at 25%.

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

(iii) Overseas income tax

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

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

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

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

8. DIVIDENDS

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

9. EARNINGS PER SHARE

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

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

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

10. 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:

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

11. ACCOUNTS PAYABLE

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

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

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

12. EVENTS AFTER THE REPORTING PERIOD

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

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

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

Business Review

Sales Analysis by Geographical Market

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

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

Margin Analysis

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

Wholesale Business

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

Retail and Brand Business

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

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

Sales Network Collaboration

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

Prospects

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

Wholesale Business

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

Retail and Brand Business

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

Sales Network Collaboration

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

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

Liquidity and Financial Resources

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

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

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

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

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

Charges on Group Assets

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

Capital Structure

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

Capital Commitment and Contingent Liabilities

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

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

Staff and Remuneration Policy

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

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

Foreign Exchange Fluctuation and Hedges

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

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

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

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

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

CORPORATE GOVERNANCE PRACTICES

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

Under provision E.1.2 of the Code, the chairman of the Board (the "Chairman") should attend the Company's annual general meeting. Owing to another business engagement, Mr. Chan Yuen Hing, the Chairman, was unable to attend the Company's annual general meeting held on 25 August 2010. Mr. Tang Chee Kwong, chief executive officer of the Company who was present at the annual general meeting, chaired the meeting in accordance with the articles of association of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the code provisions under the Code set out in Appendix 14 to the Listing Rules. The audit committee comprises three independent non-executive directors, namely Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang. The audit committee has reviewed the Group's annual results for the year ended 31 March 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

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

ANNUAL GENERAL MEETING AND DESPATCH OF 2011 ANNUAL REPORT

The annual general meeting (the ''AGM'') of the Company will be held on 5 August 2011 at 10:00 a.m. The annual report of the Company together with the notice of convening the AGM will be despatched to shareholders of the Company and will also be published on the Company's website at www.noble.com.hk and the Stock Exchange's website at www.hkexnews.hk in due course.

By order of the Board
NOBLE JEWELRY HOLDINGS LIMITED
CHAN Yuen Hing
Chairman

Hong Kong, 24 June 2011

As at the date of this announcement, the executive directors of the Company are Mr. Chan Yuen Hing, Mr. Tang Chee Kwong, Ms. Chan Lai Yung, Mr. Lai Wang, Mr. Setiawan Tan Budi and Mr. Tsang Wing Ki, the independent non-executive directors are Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang.