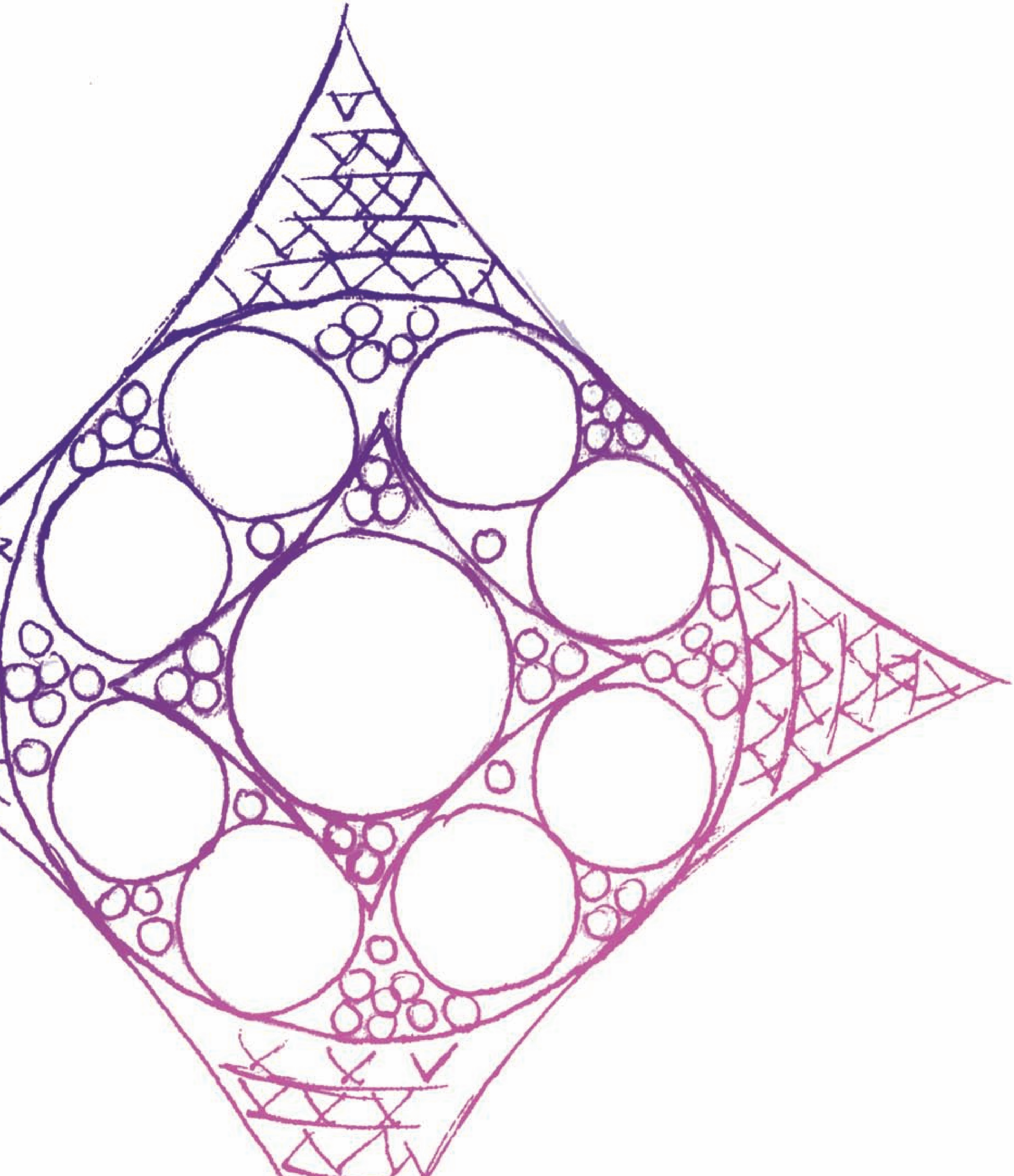
Annual Report 07

NOBLE JEWELRY HOLDINGS LIMITED
億 鑽 珠 寶 控 股 有 限 公 司

Stock Code : 475



Corporate Mission

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

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Corporate Information

Board of Directors

Executive Directors

Mr. Chan Yuen Hing *(Chairman)*
Mr. Tang Chee Kwong *(Chief Executive Officer)*
Ms. Chan Lai Yung
Mr. Yu Yip Cheong

Non-executive Director

Mr. Yeung Kwok Keung, *JP*

Independent non-executive Directors

Mr. Chan Cheong Tat
Mr. Yu Ming Yang
Mr. Zhao De Hua

Audit Committee

Mr. Chan Cheong Tat *(Chairman)*
Mr. Yu Ming Yang
Mr. Zhao De Hua

Remuneration Committee

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

Nomination Committee

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

Qualified Accountant

Mr. Tsang Wing Ki, *FCCA, FCPA*

Company Secretary

Mr. Sin Lap Poon, *ACIS, ACS*

Head Office and Principal Place of Business in Hong Kong

Unit 306-307, 3rd Floor
Lippo Sun Plaza
28 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

Registered Office

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

Corporate Information (Continued)

Principal Share Registrar

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

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

Compliance Adviser

Evolution Watterson Securities Limited

Legal Adviser

Stephenson Harwood & Lo

Auditor

Horwath Hong Kong CPA Limited

Public Relations Consultant

Strategic Financial Relations Limited

Company Website

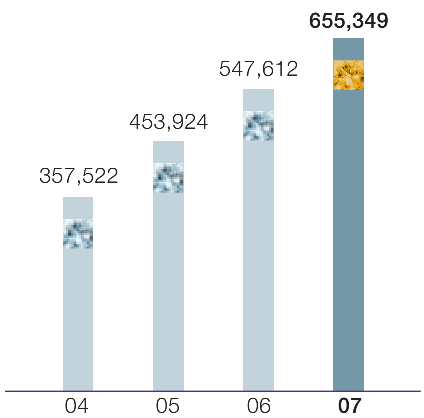
www.noble.com.hk

Stock Code

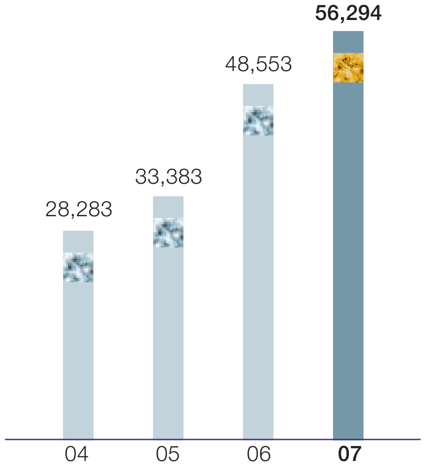
475

Financial Highlights

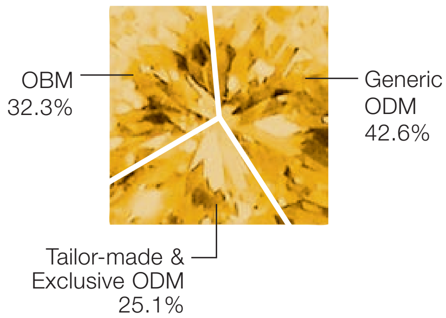
Turnover
for the year ended 31 March
HK$'000



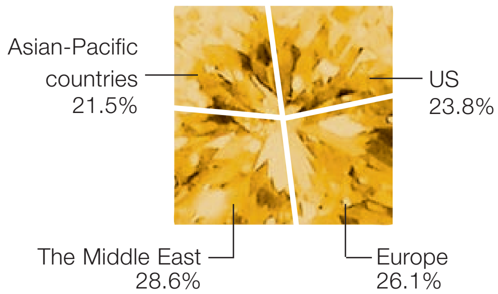
Profit attributable to the equity holders of the Company
for the year ended 31 March
HK$'000



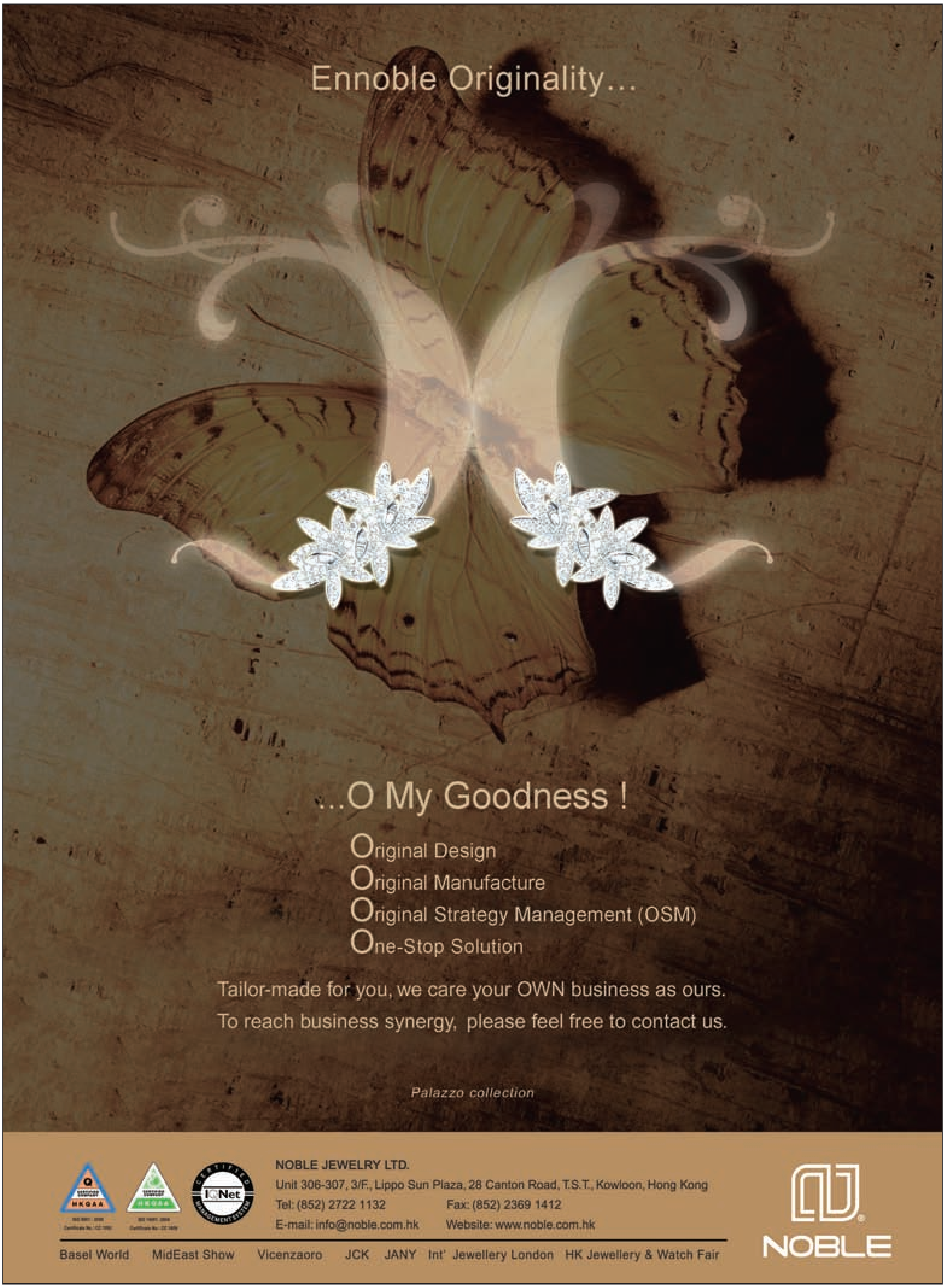
Turnover breakdown by business nature
for the year ended 31 March 2007

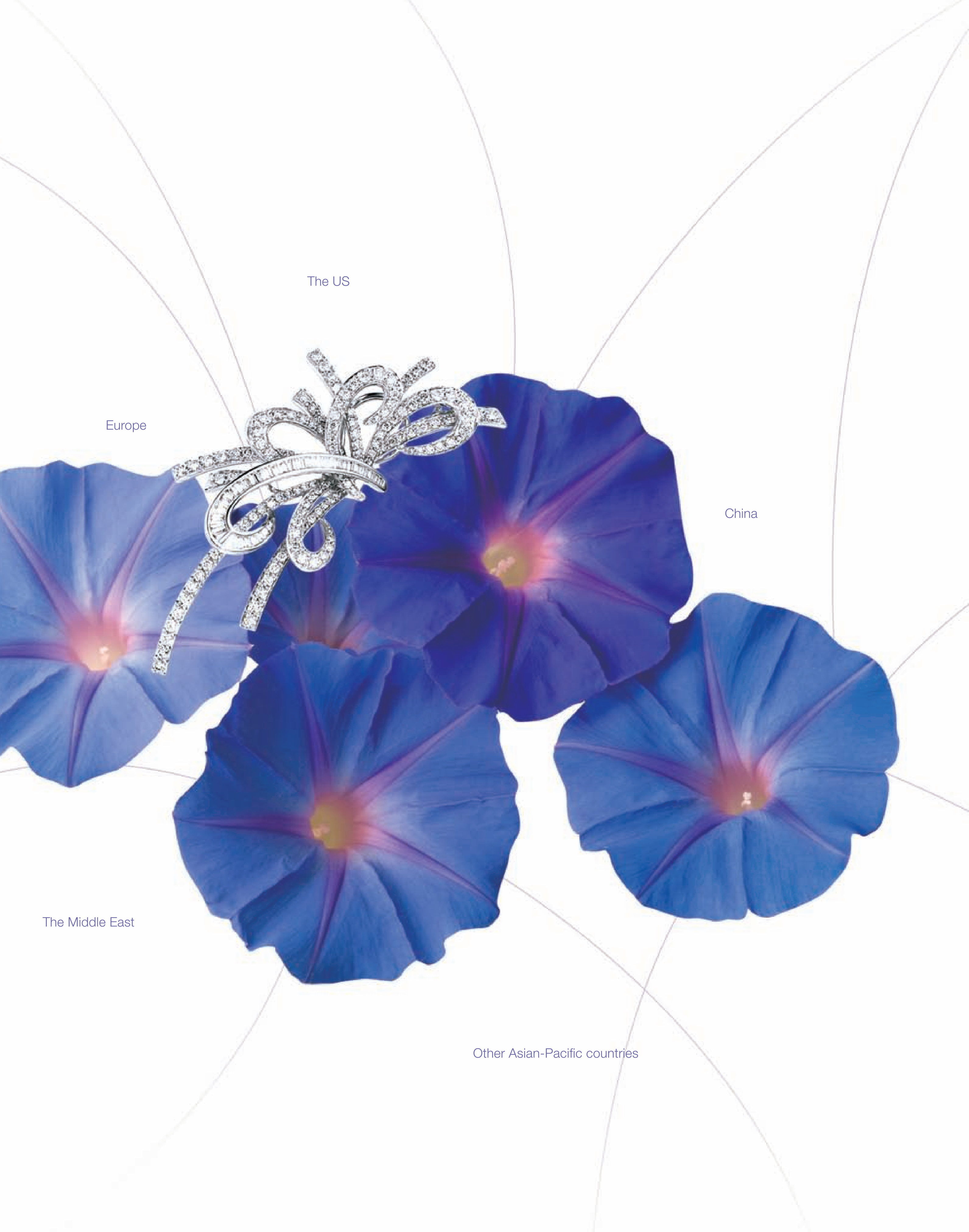


Turnover breakdown by geographical location
for the year ended 31 March 2007



* OBM represents original brand manufacturing
ODM represents original design manufacturing


Ennoble Originality...
...O My Goodness !
Original Design
Original Manufacture
Original Strategy Management (OSM)
One-Stop Solution
Tailor-made for you, we care your OWN business as ours.
To reach business synergy, please feel free to contact us.
Palazzo collection
NOBLE JEWELRY LTD.
Unit 306-307, 3/F., Lippo Sun Plaza, 28 Canton Road, T.S.T., Kowloon, Hong Kong
Tel: (852) 2722 1132
Fax: (852) 2369 1412
E-mail: info@noble.com.hk
Website: www.noble.com.hk
Basel World
MidEast Show
Vicenzaoro
JCK
JANY
Int' Jewellery London
HK Jewellery & Watch Fair
NOBLE


The US
Europe
China
The Middle East
Other Asian-Pacific countries

Global Network

The Group has business presence in the Middle East, the US, Europe, China and other Asian-Pacific countries and is dedicated to creating premium-quality products for independent jewelry retailers and wholesalers, and expanding its existing own branded fine jewelry business.

Hong Kong

Chairman's Statement

With 15 years under our belt, we have evolved from a small ODM jewelry manufacturer into a global integrated jewelry service provider, acquiring invaluable experience throughout this time.

Mr. Chan Yuen Hing
Chairman

To Our Shareholders

On behalf of the board of directors, I am pleased to present the first annual report of Noble Jewelry Holdings Limited (the "Company") and its subsidiaries ("Noble Jewelry" or the "Group") for the year ended 31 March 2007.

The Group was listed on the Main Board of The Stock Exchange of Hong Kong Limited in April 2007. Our successful listing symbolizes our achieving of a new milestone, and provides us with a new impetus to further accelerate our business development.

Chairman's Statement (Continued)

During the review period, the Group recorded a turnover of HK$655.3 million, representing a growth of approximately 19.7% as compared to the previous year. The net profit attributable to shareholders of the Company increased by approximately 15.8% to approximately HK$56.3 million, achieving the Group's profit forecast in its prospectus dated 30 March 2007.

The buoyant performance achieved is indicative of a fine jewelry market that continues to experience steady growth — a trend that has lasted for several years. In fact, from 1992 to 2005, Hong Kong's total export of fine jewelry achieved a compound annual growth rate of 12.5% and reached nearly 20% from 2001 forward. For 2006, Hong Kong exported over HK$29 billion worth of fine jewelry, representing year-on-year growth exceeding 14%. While encouraging, increasing competition from Mainland suppliers as well as those from countries such as India and Thailand has had a noticeable impact on the bottom line of many Hong Kong jewelry exporters and this phenomenon is expected to persist. Nonetheless, Hong Kong remains the fourth largest fine jewelry exporter in the world, and we are pleased to have played a role in such environment.

With 15 years under our belt, we have evolved from a small ODM jewelry manufacturer into a global integrated jewelry service provider, acquiring invaluable experience throughout this time. Indeed, such experience has enabled us to establish production facilities in Panyu, Southern China; enjoy a strong presence in such markets as the US, Europe, the Middle East, China and other Asian-Pacific countries; and acquire the Chad Allison and OriDiam brand names — taking complete ownership of the former and 50% share of the latter. Moreover, we hold the distinct advantage of being an integrated fine jewelry and precious metal expert that can also design, manufacture and provide associated supply chain services to our customers.

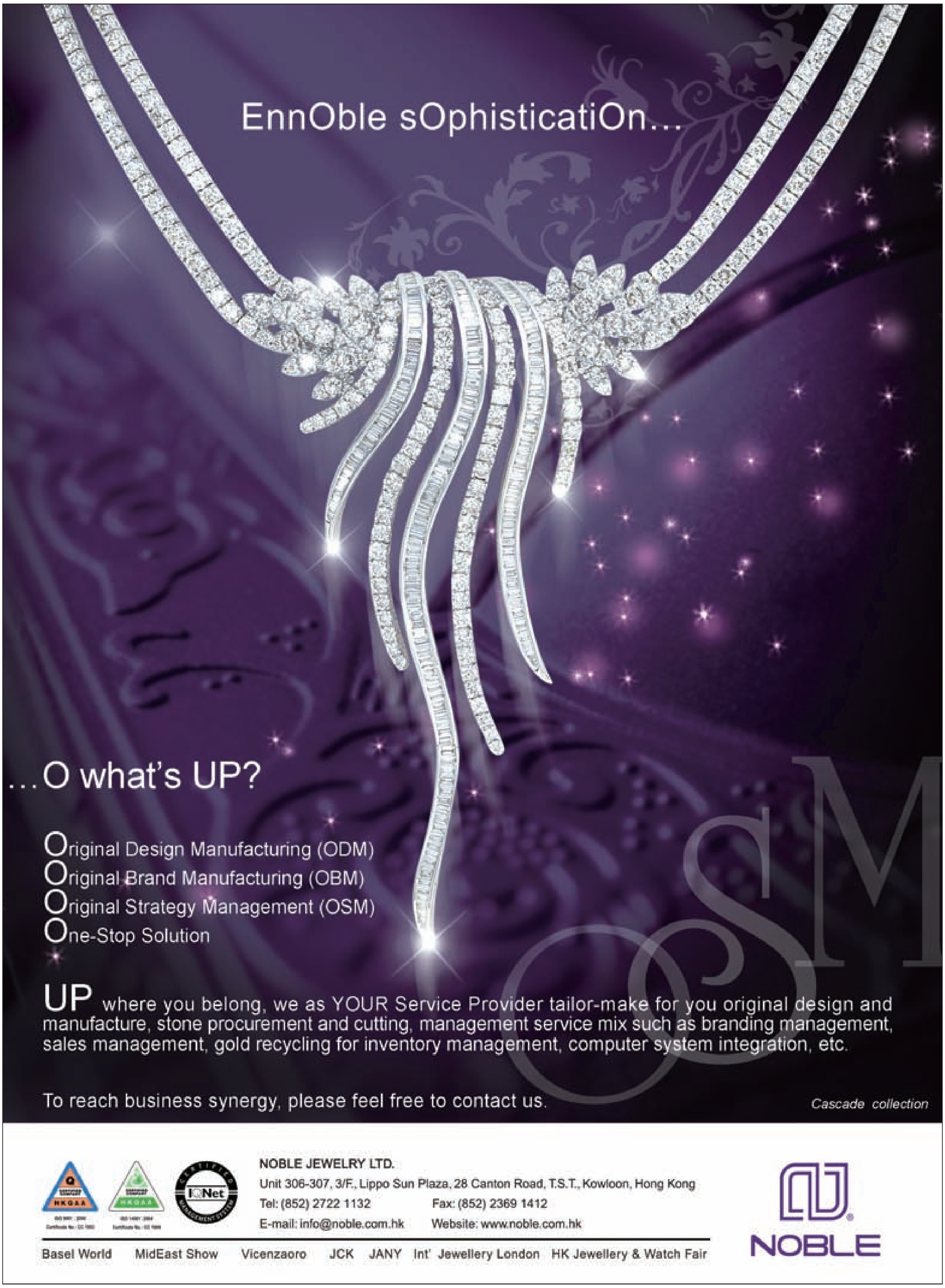
Despite our satisfactory result achieved this year, we will be put to the test as the future of the fine jewelry sector can expect a host of fresh challenges. In addition to intense global competition, rising raw material costs and appreciation of the Renminbi will have direct impact on all of the market players. To maintain our growth momentum, among other measures, we will, expand our presence in China. The provision of Original Strategy Management ("OSM") model to jewelry chain stores and department stores in key cities as well cultivating niche markets will be explored. We will also consider opportunities for cooperation including mergers and acquisitions that can help diversify our business portfolio, strengthen our production capabilities and develop sales network in China.

Management of our brands will be a high priority as well, hence, we will seek to develop the Chad Allison and OriDiam branded products via brand building, product development and expansion of the current distribution channels. Efforts will further be placed on bolstering generic ODM sales by establishing new markets. With a stronger asset base supported by more flexible financing alternatives upon our listing in April 2007, we are in a solid position to realize our business objectives that have been set out.

Appreciation

On behalf of the board of directors, I would like to extend my gratitude to our business partners and customers for their patronage over the year. Our dedicated management team and staff should also be lauded for their diligent efforts. As always, we will seek to capture new opportunities in the year ahead and deliver greater returns for our shareholders.

Chan Yuen Hing
Chairman
Hong Kong, 11 July 2007


EnnOble sOphisticatiOn...
...O what's UP?
Original Design Manufacturing (ODM)
Original Brand Manufacturing (OBM)
Original Strategy Management (OSM)
One-Stop Solution
UP where you belong, we as YOUR Service Provider tailor-make for you original design and manufacture, stone procurement and cutting, management service mix such as branding management, sales management, gold recycling for inventory management, computer system integration, etc.
To reach business synergy, please feel free to contact us.
Cascade collection
OSM
HKQAA
IQNet
NOBLE JEWELRY LTD.
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Tel: (852) 2722 1132
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Website: www.noble.com.hk
Basel World
MidEast Show
Vicenzaoro
JCK
JANY
Int' Jewellery London
HK Jewellery & Watch Fair
NOBLE

CEO's Chat Room

Mr. Tang Chee Kwong
CEO

1. Noble Jewelry adopts the "Original Strategy Management" ("OSM") business model. How exactly has the OSM model benefited the Group's operation and development?

Q

Aiming to take our business worldwide and cultivate lucrative customer segments, Noble Jewelry capitalizes on the OSM business model to strategically identify potential customers and help them grow their businesses based on a thorough understanding of their markets and customers. The full range of integrated services tailored for them is therefore not only a customer-oriented solution, but an "all win" approach for Noble Jewelry, our customers and their customers.

Our OSM model entails the rendering of integrated supply chain and management mix services covering original design and manufacturing, raw material procurement, product and branding support, sales and marketing management, inventory management, logistics support, etc. We have long-term relationship with selected customers and these relationships are so strong that we have become an instrumental part of their business plans, and reciprocally, our customers' strategy becomes our strategy, which is to help our customers achieve long-term sustainable growth.

However, as the OSM model requires substantial human and knowledge capital investment, we decided recently to apply it only to selective customers. Our different strategic business units (looking after the US, the Middle East, Europe, Asian-Pacific markets, customer brands and own brands) will look at customers' market potential, management capability, as well as the buying power of their customers. When potential customers are identified, we will put dedicated efforts into assisting them to grow and make Noble Jewelry an instrumental part of their business. This synergistic relationship will eventually enable both parties to advance their businesses and create long-term steady revenues for the Group.

A

CEO's Chat Room (Continued)

2. Will the continual appreciation of the Renminbi ("RMB") affect Noble Jewelry's development in the PRC market? What measures have been taken to minimize the impact? Kindly also outline your plans in the PRC.

Costs of raw materials make up the bulk of the Group's production cost and they are mainly paid in US$ and HK$. Only manufacturing costs and certain fixed overheads of the Group are paid in RMB, that amounts are normally around 10% of overall production cost.

The Group has kept a close watch on changes in manufacturing costing, particularly labor cost, which are reflected in adjustment on pricing from time to time. Furthermore, as revenue from the PRC market continues to grow, we do not think the impact of RMB appreciation would affect the Group significantly. In fact, it will work to the benefit of the Group's business in the long run.

For the PRC market, the Group is adopting the OSM model to cultivate niche market segments, such as developing cluster diamond collections for department stores and specialty chain stores in first-tier cities in China.

Capitalizing on our international experience, strong R&D capabilities and our status as a listed company, we will actively explore cooperation and merger and acquisition opportunities that can help us develop different customer segments and our distribution network. We are also exploring opportunities in the fashion jewelry sector.

CEO’s Chat Room (Continued)

3. What is your management philosophy? What are the major difficulties in managing a corporation employing a mix of diverse technical expertise and management professionals?

Managing a jewelry company with over 1,600 employees from different backgrounds is indeed a challenging task. The Group operates by four basic principles:

— People-oriented
— Encourage culture of innovation
— Promote a positive mindset
— MBO (Management By Objective) and MBE (Monitoring By Exception)

Noble Jewelry believes its people are its most important assets. We believe in minimal intervention to give our employees the greater flexibility and freedom to develop and apply their talents.

The Group implements a people-oriented supervisory model that embodies the following:

— Service mindset
— Teamwork
— Fairness
— Respect
— Caring
— Recognition

Furthermore, we are dedicated to fostering creativity and communication among the management and staff. We have an “Innovation and Enhancement Program” in place as a platform for Total Quality Management to encourage colleagues to come up with ideas to improve the Group’s business or operations improvements.

To make sure our MBO and MBE operation systems have the support of appropriate incentive programs, we collaborate with the Hong Kong Productivity Council to implement the Balanced Score Card system.

Last but not least, I believe blending what the “Classic of Changes” (易經) teaches with modern management philosophy is a befitting approach in operation of our business. The treasured Chinese philosophy acknowledges changes to be a constant phenomenon and at the same time advocates persistence and simplicity in tackling changes.

Embracing the ever-changing market, we endeavor to keep abreast of the changes while continuing to pursue our objectives and uphold our values, systems and models innovatively. We make sure our staff move as one body and seek to simplify complicated issues in resolving challenges.

4. What is "Lean Manufacturing" and how has your Group benefited from it?

"Lean Manufacturing" differs from traditional "Mass Manufacturing" in the sense that it segregates large production processes into different and smaller cellular or modular workshops that can focus specific tastes and technical requirements of different global customers. It is about customization of workflow to get the right things of the right quality to the right place at the right time. Given our diversified market portfolio and product ranges, it plays a crucial role in helping us maximize potential for growth and flexibility in operation while minimizing waste.

Following the "Lean Manufacturing" mode, we have customized teams for each of our target market segments allowing us to train staff with specialized skills for serving those segments most efficiently and cost effectively.

Lean Manufacturing has given us enhanced operational flexibility. Our staff are highly adaptive to the customer and market needs, and we have been able to continuously improve quality and efficiency, and most importantly, customers can enjoy peace of mind as we are able to meet their demands to their maximum satisfaction.

Management Discussion and Analysis

Operating Results

The Group reported healthy revenue growth for its business during the year under review. Rising global demand for fine jewelry and diamonds resulted in the Group recorded a turnover of HK$655.3 million, representing an increase of 19.7% as compared with the previous year (2006: HK$547.6 million). Gross profit margin slightly improved to 25.8% versus 24.2% in 2006. Net profit attributable to equity holders of the Company for the year increased by 15.8% to HK$56.3 million (2006: HK$48.6 million). Basic earnings per share were approximately HK$0.27.

Business Review

Sales Analysis by Business

Based on the Group's strong product development and design capabilities supported by good customer service, generic Original Design Manufacturing ("ODM") accounted for the largest portion of sales achieved by the Group during the year under review. Revenue from this segment increased by 11.9% to HK$278.9 million (2006: HK$249.3 million), accounting for 42.6% of the Group's turnover, despite of the fact that revenue from exclusive and tailor-made ODM increased slightly by 1.2% to HK$164.4 million (2006: HK$162.5 million) which accounted for 25.1% of the Group's turnover. Efforts were made to expand Original Brand Manufacturing ("OBM") and enhanced management services ranging from sales and marketing management, logistics and technology support, inventory management and branding and product support. Furthermore, this is the first year to include the sales of Chad Allison in the Group's turnover after the business of Chad Allison was acquired by the Group in April 2006. The acquisition was a contributing factor to the increase in turnover of the Group's OBM business. Turnover from OBM grew by 56.1% to HK$212.0 million (2006: HK$135.8 million) during the year under review, accounting for 32.3% of total turnover. The Group is confident that this growth momentum will continue.

Sales Analysis by Geographical Market

The Middle East has been one of the Group's most important markets. For the year ended 31 March 2007, sales from the market amounted to HK$187.1 million (2006: HK$161.2 million), accounting for 28.6% of the Group's total turnover, 16.1% higher than that in the previous year. The encouraging performance was mainly driven by the increasing demand for fine jewelry in the Middle East. Total sales in the European market for the year amounted to HK$171.4 million (2006: HK$126.8 million), representing a 35.2% growth and accounted for 26.1% of the Group's total turnover. The US market recorded a turnover of HK$156.0 million (2006: HK$140.6 million) while turnover from Asian-Pacific countries amounted to HK$140.8 million (2006: HK$119.1 million), and they accounted for 23.8% and 21.5% of the Group's turnover respectively.

Margin Analysis

Despite rising raw material costs, the Group achieved an improved gross margin for the year under review from 24.2% to 25.8%. This was due to increased sales in markets with higher margins like the Middle East and Europe and the Group's lean manufacturing operational mode boosting production efficiency and design and manufacturing staff having received training to sharpen their skills. Although the results of Chad Allison, the Group's US branded business, was consolidated only the first time into the Group's results, it contributed notably to the gross margin level of the Group's own-brand products. However, due to the set up cost and the relocation cost of the newly acquired Chad Allison branded business from Arizona to New York, including recruitment and training of new staff, the Group's net profit margin for the year decreased slightly from 8.9% in 2006 to 8.6%.

Acquisition the Business of Chad Allison

In April 2006, to strengthen its presence worldwide and create a business structure for achieving outstanding performance, the Group acquired the business of Chad Allison Designs, LLC at a consideration of HK$18.0 million. Chad Allison products are sold through independent retailers and jewelry specialty chain stores in the U.S. Now as a part of the Group's OBM business, the acquisition marked the entry of the Group into the branded fine jewelry market.

Well-established Sales and Marketing Network

During the year, the Group continued to strengthen its business network and promote its products and services to the world. During the financial year ended 31 March 2007, it took part in 26 international tradeshows and exhibitions, including the Hong Kong International Jewelry Show, the JCK Show in Las Vegas, the Vicenza Fair in Italy and Baselworld in Switzerland. Noble Jewelry showcased its fine jewelries reflecting the latest trends to wholesalers and retailers from around the world.


Win - Win
All powerful as it is, the crocodile in Sub-Saharan Africa has long built up a symbiotic relationship with the Egyptian Plover. The latter deploys its long beak to source bits of decaying meats lodged between the crocodile's teeth on the one hand, and renders dentistry service to the crocodile on the other.
Both nature and the business world prosper win-win partnership. At Noble, we are committed to provide OSM (Original Strategy Management) services to our customers by rendering a variety of original fine jewelry products, together with supply-chain and management mix services, ranging from branding and product support, sales and marketing management, inventory management as well as logistics and technology support.
As your most trust-worthy partner, we ennoble not only originality and sophistication, but also partners' peace of mind.
www.noble.com.hk
HKQAA
HKQAA
IQNet
NOBLE JEWELRY LTD.
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28 Canton Road, T.S.T., Kowloon, Hong Kong
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E-mail: info@noble.com.hk
Basel World MidEast Show Vicenzaoro JCK
JANY Int'l Jewellery London HK Jewellery & Watch Fair
NOBLE

Prospects

Listing of the Group on the Stock Exchange in April 2007 has raised its profile as a corporation in addition to boosting its capital base. Noble Jewelry is now more capable of exploring new development opportunities. As a leading fine jewelry exporter to the Middle East, the Group will continue to focus on expediting penetration of the market and, at the same time, strengthen its presence in other markets around the world.

The Group plans to deploy its unique Original Strategy Management ("OSM") business model in new markets with development potential drawing from its successful experience in established markets. It sees potentials and will further develop markets in South and Central America, as well as Eastern and Western Europe. Other potential markets include Russia, Turkey and Korea.

The Group will continue to pursue growth opportunities for its own brand businesses. Since the branded business of Chad Allison was newly acquired and its proportion of contribution to the Group's total turnover during the year under review was still relatively low, the Group will strive to grow its revenue stream from its own brand businesses in the coming year.

In Spain, the Group's 50% stake in the brand OriDiam with products sold in 23 of 70 El Corte Ingles stores presents the Group with a strong foothold in the market with tremendous potential. The Group will expand its sales network in Spain to cover more El Corte Ingles outlets in the near future. With the support of the Group's unique integrated business model, reliable product mix and well established sales networks, own brand businesses are expected to make more significant turnover and profit contributions to the Group in the coming years.

The strong economic environment of the PRC is favorable for the Group's business. With the Renminbi appreciating and the Chinese people becoming more affluent, the country's demand for fine jewelry products will continue to increase. The Group is ready to capture opportunities in the region in the coming year by developing and expanding its sales and distribution network to cover wholesalers, jewelry chain stores and department stores in first and second tier cities in China. Product strategy will be to develop jewelry for OBM and retail chain customers. The Group will also explore opportunity in the fashion jewelry sector.

Moving forward, the continual growth of Noble Jewelry's operational scope and product offerings will enable it to generate more business from both new and existing markets. In addition to enhancing organic growth, the Group will continue to explore merger and acquisition opportunities that are in line with its business development strategies to ensure sustainable growth of its business in China and overseas.

Liquidity and Financial Resources

As at 31 March 2007, the Group had completed its corporate reorganization in preparation for the listing on the Stock Exchange on 17 April 2007. The Group's liquidity position has strengthened after taking into account the net proceeds from the Listing and the exercise of the over-allotment option, totaling approximately HK$82.3 million in April 2007.

As at 31 March 2007, the Group's net current assets and current ratio stood at HK$78.6 million and 1.26 respectively (2006: HK$60.4 million and 1.25 respectively). Net gearing ratio (total interest bearing borrowings net of cash at banks and in hand as a percentage of consolidated tangible net worth) was 113.1% as at 31 March 2007 (2006: 95.7%). The increase in net current assets and the net gearing ratio for the year under review was mainly due to the increase in inventory and accounts receivable as a result of the growth in the Group's business and the payment of dividend to the then shareholder prior to the Listing.

For indicative purposes, the Group had computed certain key ratios as if the net proceeds from the share offer and the exercise of the over-allotment option in aggregate of HK$82.3 million has taken at the year end under review, the current ratio would then have improved to about 1.53 and the net gearing ratio would be about 36.6%.

The Group's total bank borrowings including bank overdrafts and bank loans, increased by 37.4% over last year to HK$177.2 million at 31 March 2007, was mainly due to the growth of the Group's business and the payment of dividend to the then shareholder of the Group prior to the Listing.

The Group's banking facilities, comprising primarily trade finance, bank loans and bank overdrafts, amounted to HK$193.6 million as at 31 March 2007, out of which HK$16.4 million was unutilised.

As at 31 March 2007, the Group's cash and bank balances increased to HK$10.7 million from HK$3.8 million as at 31 March 2006.

Charges on Group Assets

As at 31 March 2007, the Group's banking facilities were secured by the Group's land and buildings with carrying amounts of HK$50.7 million and bank fixed deposits of HK$1.1 million respectively (2006: HK$52.0 million and HK$1.0 million respectively).

Capital Structure

For the year ended 31 March 2007, the Group financed its liquidity requirements through a combination of cash flow as generated from operation and bank borrowings. Having been listed, the Group now expects the liquidity requirements will be satisfied by a combination of the proceeds from Listing, debt financing and cash generated from operations.

Capital Commitment and Contingent Liabilities

As of 31 March 2007, the Group did not have any capital commitments (2006: Nil).

As at 31 March 2007, there were contingent liabilities in respect of an outstanding bank loan of HK$8.3 million (2006: HK$13.1 million) granted to a related company of the Group for which an unlimited guarantee has been given by the Group to the bank. Upon listing of the Company's shares on the Main Board, the bank had released the above guarantee.

Staff and Remuneration Policy

As at 31 March 2007, the Group had a total of 1,691 employees (2006: 1,698). Staff costs for the year ended 31 March 2007 was HK$74.7 million, representing an increase of 10.7% as compared to 2006 of HK$67.5 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 contribution to the Group. No share option was granted under the scheme up to the date of this annual report.

Foreign Exchange Fluctuation and Hedges

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

Apart from arrangement to reduce foreign currency risk with respect to Renminbi during the year, the Group does not hedge against exposure to other foreign exchange risk, but will consider appropriate hedging measure if required.

Milestone

1983
Mr. Johnny Chan started the jewelry business as a sole proprietorship

1992
Noble Jewelry Limited ("Noble") was officially established. Mr. Johnny Chan being the Chairman of the Group.

1995
Noble has established ISO standard in operation and production.

1997
Noble production was moved to Panyu in Mainland China.

1999
Noble was accredited with the ISO9001: 2000 in respect of our quality management system for the design, manufacture and sale of jewelry products.

Noble won the Gold Prize (Earrings Group) in the Buyers' Favorite Jewelry Design Competition organized by Hong Kong Jewelry Manufacturers' Association.

2001
Noble engaged in further computerization and systemization by using Oracle ERP system in Unix platform.

2003
Noble launched a Business-to-Business (B2B) portal which links up with the Enterprise Resources Planning System (ERP). The platform enables customer to do real time product searching, ordering and sales records checking.

2004
Noble established our own Stone-Cutting Operation and Precious Metal Recycling & Refining Plant in Panyu, Mainland China.

2005
Noble won the 2nd Runner-up (Necklace Group) in the 7th Buyers' Favourite Jewelry Design Competition 2005 organized by Hong Kong Jewelry Manufacturers' Association.

Noble collaborated with The Productivity (Guangzhou) Consulting Co. Ltd., a subsidiary of the Hong Kong Productivity Council in implementing the Lean Manufacturing Production Model.

Mr. Johnny Chan was awarded the Fellowship - Asian Knowledge Management Association (AKMA).

Noble integrated an Enterprise Resources Planning System (ERP) into management & operation. The system links up and streamlines the entire production and operation processes. We are the FIRST field jeweler in Hong Kong practicing ERP.

2000

Noble was accredited with the ISO14001: 2004 in respect of our environmental management system for the design, manufacture and sale of jewelry products.

Mr. Johnny Chan was awarded the Young Industrialist Awards of Hong Kong 2000.

2006

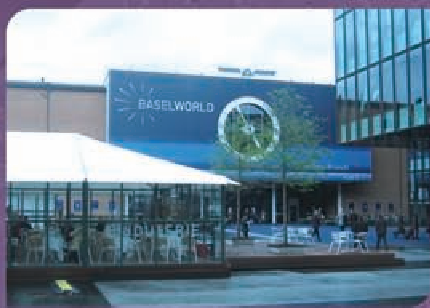
Noble was awarded 2006 Best SME's Award - Operational Management Award (The Hong Kong Chamber of Small and Medium Business Limited).

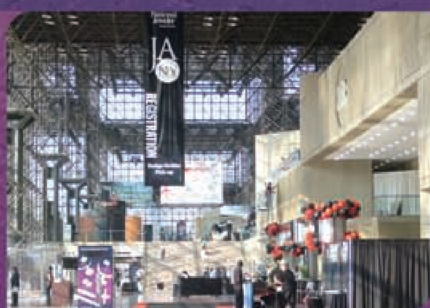
Noble collaborated with The Productivity (Guangzhou) Consulting Co. ltd., a subsidiary of the Hong Kong Productivity Council in the Balanced Score Card Project.

2007

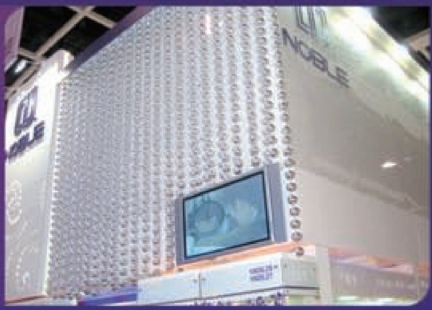
The Company was listed on the Mainboard of The Stock Exchange of Hong Kong Limited (Stock code: 475)

Tradeshow Overview





2006	Tradeshow	City / Country
March 30 – April 6 April 10 – 14	Basel Fair MidEast Watch & Jewellery Show	Basel, Switzerland Sharjah, UAE
May 10 - 13 May 20 - 24 May 29 - June 1	5th Shanghai International Jewellery Fair VicenzaOro 2 JCK Las Vegas Show	Shanghai, China Vicenza, Italy Las Vegas, USA
June 3 – 7 June 16 – 19	GLDA Las Vegas Gem & Jewelry Show China Int'l Gold, Jewellery & Gem Fair	Las Vegas, USA Guangzhou, China
July 30 – August 2	JA International Jewelry Summer Show	New York, USA
September 3 – 6 September 9 – 13 September 14 – 18 September 19 – 23	International Jewellery London IJL Orogemma Vicenza, Italy 7th Shenzhen Int'l Jewellery Fair HK Jewellery & Watch Fair	London, UK Vicenza, Italy Shenzhen, China Hong Kong, China
October 13 – 15 October 21 – 24 October 29 – 31 October 30 – November 3	Hong Kong Jewelry Exhibition Jewelers International Showcase JIS JANY Special Delivery Show MidEast Watch & Jewellery Show, Sharjah	Miami, USA Miami, USA New York, USA Sharjah, UAE
November 7 – 11 November 8 – 12 November 15 – 19	Jewellery Arabia, Bahrain China International Jewellery Fair – Beijing Abu Dhabi Int'l Jewellery & Watch Show	Bahrain Beijing, China Abu Dhabi, UAE
December 12 – 16	International Jewellery Dubai	Dubai, UAE
2007	**Tradeshow**	**City / Country**
January 14 – 21 January 21 – 23 January 20 – 22	VicenzaOro I JA International Jewelry Winter Show Jewelers International Showcase JIS	Vicenza, Italy New York, USA Miami, USA
February 4 – 8 February 23 – 26	Spring Fair Birmingham Inhorgenta Europe	Birmingham, UK Munich, Germany
March 6 – 10	HK International Jewellery Show	Hong Kong, China



Directors and Senior Management

Executive Directors

Mr. Chan Yuen Hing (also known as Mr. Johnny Chan), aged 46, is our chairman and an executive director. Mr. Johnny Chan is our founder starting the business in 1983 as a sole proprietorship. Mr. Johnny Chan has approximately 20 years' experience in the jewelry industry and is familiar with the jewelry markets in Hong Kong, the US, Europe, the Middle East and Japan. Mr. Johnny Chan is responsible for our overall strategic planning and development. Mr. Johnny Chan completed an advance learning program for an executive master's degree in business administration in the Zhong Shan University (中山大學) in 2004. Mr. Johnny Chan is a director of the Hong Kong Jewellery & Jade Manufacturers Association and the vice-president of the fourth congress of the Gem & Jewelry Trade Association of China. Mr. Johnny Chan was awarded the Young Industrialist Awards of Hong Kong in 2000 and the Fellowship of Asian Knowledge Management Association in 2005.

Mr. Tang Chee Kwong (also known as Mr. Stephen Tang), aged 53, is an executive director. Mr. Stephen Tang joined the Group in 2002. He is the chief executive officer responsible for business policy formulation and execution. Mr. Stephen Tang had previously worked at the Hang Seng Bank for almost 30 years and was a senior relationship manager at the time of his resignation from the bank in 2002. Under sponsorship by the Hang Seng bank, Mr. Stephen Tang completed an executive development program organised by the Kellogg Graduate School of Management at the Northwestern University in the US in 1997. Mr. Stephen Tang is an associate member of The Hong Kong Institute of Bankers and The Chartered Institute of Bankers in the United Kingdom.

Ms. Chan Lai Yung (also known as Ms. Amy Chan), aged 57, is an executive director. Ms. Amy Chan joined the Group in 1992 and is responsible for the management and administration of the Group. Ms. Amy Chan has over 14 years' operational and management experience in the jewelry industry. Ms. Amy Chan obtained a bachelor's degree in business administration from the Open University of Hong Kong in 2007.

Mr. Yu Yip Cheong (also known as Mr. Raymond Yu), aged 56, is an executive director. Mr. Raymond Yu joined the Group in 1995 and is responsible for the overall sourcing and purchasing of the Group's raw material including, diamonds, pearls, color stones and other precious stones. Mr. Raymond Yu has over 35 years' experience in the jewelry industry.

Non-executive Director

Mr. Yeung Kwok Keung, *JP*, aged 59, was appointed as a non-executive director in October 2006. Mr. Yeung is a member of the Logistics Industry Training Advisory Committee of the Education and Manpower Bureau and the Shepherd of the H-logistics Project Group besides being a member of the Hong Kong Logistics Development Council. Mr. Yeung had previously served on the Hong Kong Productivity Council and the Hong Kong Vocational Training Council as a Council Member as well as a member of the Personal Data (Privacy) Advisory Committee at the Office of the Commissioner for Personal Data Privacy.

Independent non-executive Directors

Mr. Chan Cheong Tat (also known as Mr. Roger Chan), aged 57, was appointed as an independent non-executive director in October 2006. Mr. Roger Chan served in the Inland Revenue Department of the Hong Kong Government for approximately 33 years and was the Assistant Commissioner of Inland Revenue Department when he retired in 2005. Mr. Roger Chan obtained his master's degree in financial management from Central Queensland University in 1995. Mr. Roger Chan is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Australian Society of Certified Practising Accountants. Mr. Roger Chan is also an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. Mr. Roger Chan is currently an independent non-executive director of Guangdong Tannery Limited (stock code: 1058) whose shares are listed on the Stock Exchange and the managing director of CT Tax Consultants Co., Ltd.

Mr. Yu Ming Yang, aged 43, was appointed as an independent non-executive director in October 2006. Mr. Yu has been a professor of Shanghai Jiaotong University since September 2005. Mr. Yu obtained his doctorate in economics from Fudan University in 1996. Mr. Yu is an Associate Academician of International Informatization Academy and a committee member of the fourth Guangdong Province Shenzhen Committee of the Chinese People's Political Consultative Conference. Mr. Yu is currently an independent director of 中捷縫紉機股份有限公司 (Zoje Sewing Machine Co., Ltd.*) (stock code: 002021) and 大連獐子島漁業集團股份有限公司 (Dalian Zhangzidao Island Fishery Group Corporation*) (stock code: 002069), whose shares are listed on the Shenzhen Stock Exchange.

Mr. Zhao De Hua, aged 57, was appointed as an independent non-executive director in October 2006. Mr. Zhao joined 上海城隍廟第一購物中心有限公司 (Shanghai Chanwangmiao First Shopping Centre Company Limited*) in 1996 and has been its general manager since 2001. Mr. Zhao is the vice-president of the Gems & Jewelry Trade Association of China. Mr. Zhao obtained his master's degree in business administration from Southwest International University in 2002.

* *for identification purpose only*

Senior Management

Mr. Chan Wing Nang, aged 43, is the director of sales and marketing of the Group. Mr. Chan joined the Group in 2007 and is responsible for formulating the overall sales and marketing strategies of the Group. Mr. Chan obtained a bachelor's degree in science from the University of Hong Kong in 1987. Mr. Chan has over 19 years' experience in sales and marketing.

Mr. Lai Wang, aged 40, is the deputy general manager of the Panyu Plant. Mr. Lai joined the Group in 2004 and is responsible for the production management of the Group. Mr. Lai graduated from Renmin University of China with a bachelor's degree in economics in 1989. Mr. Lai has approximately 10 years' experience in factory management.

Mr. Tsang Wing Ki, aged 45, is the qualified accountant of the Group. Mr. Tsang joined the Group in 2005 and is responsible for the Group's accounting and financial matters. Mr. Tsang obtained a master's degree in professional accounting from the Hong Kong Polytechnic University in 2000. Mr. Tsang is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Tsang has over 19 years' experience in the auditing and financial accounting.

Mr. Sin Lap Poon, aged 34, is the company secretary and deputy human resources and administration manager of the Group. Mr. Sin joined the Group in 2004 and is responsible for the Group's human resources, administration and company secretarial matters. He obtained a master's degree in professional accounting and information systems from the City University of Hong Kong in 2004. Mr. Sin is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators of the United Kingdom. Mr. Sin has approximately 8 years' experience in human resources, administration and company secretarial duties.

Corporate Governance Report

Introduction

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

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). In addition to the mandatory Code, the Board will also continuously enhance the corporate governance standard of the Company by reference to certain recommended best practices contained in Appendix 14 to the Listing Rules whenever suitable and appropriate.

As the Company was listed on 17 April 2007 (the "Listing Date"), the Company was not required to comply with the requirements under the Code or the continuing obligations requirements of a listed company pursuant to the Listing Rules for the year ended 31 March 2007. The Company has applied the principles and complied with all the applicable code provisions set out in the Code since the Listing Date.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business and decision making processes are regulated in a proper and prudent manner.

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 to all directors, all directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding directors' securities transaction adopted by the Company since the Listing Date.

Board of Directors

As at the date of this report, the Board comprises eight directors, including four executive directors, namely, Mr. Chan Yuen Hing, Mr. Tang Chee Kwong, Ms. Chan Lai Yung and Mr. Yu Yip Cheong; one non-executive director, namely, Mr. Yeung Kwok Keung, *JP* and three independent non-executive directors, namely, Mr. Chan Cheong Tat, Mr. Yu Ming Yang and Mr. Zhao De Hua.

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

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

Each of Mr. Chan Yuen Hing, Mr. Tang Chee Kwong, Ms. Chan Lai Yung and Mr. Yu Yip Cheong, being the executive directors, has entered into a service contract with the Company for a term of three years commencing on the Listing Date ("the Initial Term"), until terminated by either party during the Initial Term by giving written notice of three months to the other party.

Mr. Yeung Kwok Keung, *JP*, the non-executive director and each of Mr. Chan Cheong Tat, Mr. Yu Ming Yang and Mr. Zhao De Hua, being the independent non-executive directors, has entered into a service contract with the Company for a term of one year commencing on the Listing Date.

They are also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association of the Company. All the independent non-executive directors have confirmed in writing to the Company that they have met all the guidelines for assessing their independence as set out in rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors to be independent.

Ms. Chan Lai Yung is the elder sister of Mr. Chan Yuen Hing. Save as disclosed above, during the year, none of the other directors has or maintained any financial, business, family or other material, relevant relationship with any of the other directors.

The roles of the Chairman and Chief Executive Officer

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

Board meetings

The Board will have four regular meetings a year and meet at other times as and when required.

The total number of regular meeting convened since the Listing Date up to the date of this report is two and the meeting attendance is as follows:

Name	Number of regular meeting held since the Listing Date up to the date of this report	Number of regular meeting attended
Executive directors		
Mr. Chan Yuen Hing	2	2
Mr. Tang Chee Kwong	2	2
Ms. Chan Lai Yung	2	1
Mr. Yu Yip Cheong	2	1
Non-executive director		
Mr. Yeung Kwok Keung, *JP*	2	2
Independent non-executive directors		
Mr. Chan Cheong Tat	2	2
Mr. Yu Ming Yang	2	2
Mr. Zhao De Hua	2	2

Delegation by the board

The Board has set up three Board committees, namely Audit Committee, Nomination Committee and Remuneration Committee on 24 October 2006, for overseeing particular aspects of the Company's affairs.

Audit Committee

The Audit Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board of directors. The Audit Committee comprises three independent non-executive directors, namely Mr. Chan Cheong Tat, Mr. Yu Ming Yang and Mr. Zhao De Hua. Mr. Chan Cheong Tat is the chairman of the Audit Committee and possesses financial management expertise. The Audit Committee meeting will be held at least twice a year.

The Audit Committee was set up for the purpose of reviewing the effectiveness of the Group's financial reporting processes and internal control system, reviewing the scope and nature of the audit carried out by the Company's auditor. The Group's annual results for the year ended 31 March 2007 have been reviewed by the Audit Committee at the Audit Committee meeting held on 11 July 2007 with all committee members present at the meeting.

The Audit Committee shall meet with external auditor at least annually to discuss any issues from the audit and any other matters the external auditor may wish to raise.

Nomination Committee

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

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

Remuneration Committee

The Remuneration Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The Remuneration Committee comprises Mr. Tang Chee Kwong, as chairman, Mr. Chan Cheong Tat and Mr. Yu Ming Yang. The Remuneration Committee meeting will be held at least once a year.

The Remuneration Committee was set up for the purpose of reviewing and making recommendations to the Board on the remuneration structure for all directors and senior management of the Group.

Since the Company was listed on the Stock Exchange on 17 April 2007, there was no committee meeting held during the year ended 31 March 2007. The first Remuneration Committee meeting will be held within the first year after its listing.

Internal Control

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations.

Directors' and Auditor's Acknowledgement

The directors acknowledge their responsibilities for the preparation of financial statements for the year under review, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The statement issued by the auditor of the Company regarding its reporting responsibilities was set out in detail in the Independent Auditor's Report on pages 41.

Management Function

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

Auditors' Remuneration

During the year ended 31 March 2007, the fees paid or payable to the auditor in respect of audit and non-audit services provided by the auditor of the Company, Horwath Hong Kong CPA Limited, were as follows:

Nature of services	**Amount** *HK$'000*
Audit services	750
Non-audit services	127

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

Report of the Directors

The Directors ("Directors") of Noble Jewelry Holdings Limited ("Company") are pleased to present their first report together with the audited financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2007.

Group reorganisation

The Company was incorporated and registered as an exempted company with limited liability on 25 August 2006 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) 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") on 17 April 2007.

Principal activities

The Group is principally engaged in the design, manufacture and trade of fine jewelry products. The principal activities of the Company's subsidiaries are set out in note 30 to the financial statements.

Results and dividends

The Group's profit for the year ended 31 March 2007 and the state of affairs of the Company and the Group as at that date are set out in the financial statement on page 43 to 91 of this report.

The Directors recommend the payment of a final dividend of HK$0.06 per ordinary share in respect of the year to shareholders whose names appear on the register of members of the Company on 16 August 2007. The proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2008. Subject to shareholders' approval at the forthcoming annual general meeting (the "Annual General Meeting"), such dividend will be paid on or about 30 August 2007.

Closure of register of members

The register of members will be closed from Tuesday, 14 August 2007 to Thursday, 16 August 2007 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and to attend and vote at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar 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 4:00 p.m. on 13 August 2007.

Financial summary

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

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 29 to the financial statements and in the consolidated statement of changes in equity, respectively.

As at 31 March 2007, the Group had reserves of approximately HK$119,464,000 available for distribution to shareholders.

Subsidiaries

Particulars of the Group's principal subsidiaries are set out in note 30 to the financial statements.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the financial statements.

Borrowings

Details of the borrowings of the Group are set out in note 23 to the financial statements.

Share capital

Details of movements in the Company's share capital during the year are set out in note 27 to the financial statements.

Directors

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

Executive Directors:

Mr. Chan Yuen Hing *(Chairman)*	(appointed on 25 August 2006)
Mr. Tang Chee Kwong *(Chief Executive Officer)*	(appointed on 9 October 2006)
Ms. Chan Lai Yung	(appointed on 9 October 2006)
Mr. Yu Yip Cheong	(appointed on 9 October 2006)

Directors (Continued)

Non-executive Director:

Mr. Yeung Kwok Keung, *JP*	(appointed on 24 October 2006)

Independent Non-executive Directors:

Mr. Chan Cheong Tat	(appointed on 24 October 2006)
Mr. Yu Ming Yang	(appointed on 24 October 2006)
Mr. Zhao De Hua	(appointed on 24 October 2006)

In accordance with article 86(3) of the Company's articles of association, any Director appointed by the Board as an addition to the existing Board shall hold office until the first general meeting of the Company after his appointment and be eligible for re-election. Mr. Chan Yuen Hing, Mr. Tang Chee Kwong, Ms. Chan Lai Yung, Mr. Yu Yip Cheong, Mr. Yeung Kwok Keung, *JP*, Mr. Chan Cheong Tat, Mr. Yu Ming Yang and Mr. Zhao De Hua having been appointed by the Board prior to the Annual General Meeting and being eligible, have offered themselves for re-election at the Annual General Meeting.

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

Confirmation of independence of independent non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers that Mr. Chan Cheong Tat, Mr. Yu Ming Yang and Mr. Zhao De Hua to be independent.

Directors' service contracts

Each of Mr. Chan Yuen Hing, Mr. Tang Chee Kwong, Ms. Chan Lai Yung and Mr. Yu Yip Cheong, being the executive Directors, has entered into a service contract with the Company for a term of three years commencing on the Listing Date (the "Initial Term"), until terminated by either party during the Initial Term by giving written notice of three months to the other party. Save as disclosed herein, none of the executive Directors has entered or has proposed to enter into any service agreements with the Company or any member of the Group.

Mr. Yeung Kwok Keung, *JP*, the non-executive Director and each of Mr. Chan Cheong Tat, Mr. Yu Ming Yang and Mr. Zhao De Hua, being the independent non-executive Directors, has entered into a service contract with the Company for a term of one year commencing on the Listing Date. Save as disclosed herein, none of the non-executive Director or the independent non-executive Directors has entered or has proposed to enter into any service agreements with the Company or any member of the Group.

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

Directors' emoluments

Details of the remuneration of the Directors for the year ended 31 March 2007 are set out in note 11 to the financial statements.

Share option scheme

The Group has approved and adopted a share option scheme on 26 February 2007 for its employees and other eligible participants with a view to provide an incentive to or as a reward for their contribution to the Group. No share option was granted under the share option scheme up to the date of this report.

Directors' interests in contracts of significance

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

Directors' interests and short positions in shares

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

Long Positions

Ordinary shares of HK$0.01 each of the Company

Name of director	**Capacity**	**Number of issued ordinary shares held**	**Percentage of the issued ordinary share capital of the Company**
Mr. Chan Yuen Hing	*(Note 1)*	173,092,000	63.71%
Mr. Tang Chee Kwong	Beneficial owner	4,400,000	1.62%
Ms. Chan Lai Yung	*(Note 2)*	2,602,000	0.96%
Mr. Yu Yip Cheong	Beneficial owner	2,600,000	0.96%
Mr. Yeung Kwok Keung, *JP*	Beneficial owner	350,000	0.13%

Notes:

(1) Mr. Chan Yuen Hing has a deemed interest of 192,000 Shares and 172,900,000 Shares held by his spouse, Ms. Chiu Nga Fong and First Prospect Holdings Limited ("First Prospect") a company wholly-owned by Mr. Chan Yuen Hing, respectively within the meaning of Part XV of the SFO.

(2) Ms. Chan Lai Yung has a direct interest of 2,600,000 Shares and a deemed interest of 2,000 Shares held by her spouse, Mr. Kok Sui Sing within the meaning of Part XV of the SFO.

Directors' interests and short positions in shares (Continued)

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

Connected transactions

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

Substantial shareholders' interests in shares

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

Long Positions

Ordinary shares of HK$0.01 each of the Company

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

Notes:

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

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

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

Major customers and suppliers

The percentages of purchases and sales for the year ended 31 March 2007 attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	25.0%
— five largest suppliers combined	43.3%
Sales	
— the largest customer	5.4%
— five largest customers combined	22.2%

Save as disclosed in note 35(a)(ii)(1) to the financial statements, none of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Purchase, sale or redemption of the Company's listed securities

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 2007 as the Company had not been listed on the Stock Exchange as at 31 March 2007.

Employee retirement benefit

Particulars of the retirement scheme of the Company are set out in note 12 to the financial statements.

Corporate governance

A report on the principal corporate governance practice adopted by the Company is set out in pages 29 to 33 of the Annual Report.

Pre-emptive rights

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

Sufficiency of public float

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

Directors' interests in competing business

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

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

Significant events after the balance sheet date

Details of significant events after balance sheet date are set out in note 36 to the financial statements.

Auditor

The financial statements have been audited by Horwath Hong Kong CPA Limited who retire and, being eligible, offer themselves for re-appointment. A resolution will be submitted to the Annual General Meeting to re-appoint Horwath Hong Kong CPA Limited as auditor of the Company.

On behalf of the Board
Chan Yuen Hing
Chairman

Hong Kong, 11 July 2007

Independent Auditor's Report

Horwath Hong Kong CPA Limited
Certified Public Accountants
2001 Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Telephone : (852) 2526 2191
Facsimile : (852) 2810 0502
horwath@horwath.com.hk
www.horwath.com.hk

To The Shareholders of Noble Jewelry Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Noble Jewelry Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 91, which comprise the consolidated and company balance sheets as at 31 March 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2007 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HORWATH HONG KONG CPA LIMITED
Certified Public Accountants
11 July 2007
Chan Kam Wing, Clement
Practising Certificate number P02038

Consolidated Income Statement

For the year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	6	**655,349**	547,612
Cost of sales		**(486,010)**	(414,852)
Gross profit		**169,339**	132,760
Other revenue	6	**4,581**	3,216
Distribution costs		**(28,290)**	(16,701)
Administrative expenses		**(68,625)**	(58,111)
Operating profit	7	**77,005**	61,164
Finance costs	8	**(14,196)**	(7,140)
Share of results of associates		**1,173**	876
Profit before taxation		**63,982**	54,900
Taxation	9	**(7,688)**	(6,347)
Profit for the year attributable to the equity holders of the Company		**56,294**	48,553
Dividends	13	**54,302**	53,000
Earnings per share			
— Basic (HK$)	14	**0.27**	0.23

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet

At 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Assets and liabilities			
Non-current assets			
Property, plant and equipment	*15*	**62,496**	64,209
Interests in associates	*16*	**13,186**	8,356
Intangible assets	*17*	**3,242**	—
Goodwill	*18*	**1,491**	—
Deferred tax assets	*26*	**316**	—
		80,731	72,565
Current assets			
Inventories	*19*	**246,755**	215,533
Accounts receivable	*20*	**85,946**	65,571
Other receivables, deposits and prepayments	*21*	**18,853**	10,892
Amount due from a director	*35(c)(ii)*	**—**	1,158
Amounts due from related companies	*35(c)(i)*	**23,169**	9,935
Cash at banks and in hand	*22*	**10,723**	3,797
		385,446	306,886
Current liabilities			
Bank borrowings	*23*	**169,727**	127,380
Accounts payable	*24*	**102,284**	87,412
Accrued charges and other payables	*25*	**30,027**	26,329
Tax payables		**4,841**	5,392
		306,879	246,513
Net current assets		**78,567**	60,373
Total assets less current liabilities		**159,298**	132,938

Consolidated Balance Sheet (Continued)

At 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Total assets less current liabilities		**159,298**	132,938
Non-current liabilities			
Bank borrowings	*23*	**7,451**	1,614
Deferred taxation	*26*	**—**	465
		7,451	2,079
Net assets		**151,847**	130,859
Equity			
Share capital	*27*	**200**	1,783
Reserves	*29*	**151,647**	129,076
Total equity		**151,847**	130,859

These financial statements on pages 43 to 91 were approved and authorised for issue by the Board of Directors on 11 July 2007 and are signed on its behalf by:

Chan Yuen Hing
Director

Tang Chee Kwong
Director

The accompanying notes form part of these financial statements.

Balance Sheet

At 31 March 2007

	Note	HK$'000
Assets and liabilities		
Non-current assets		
Investment in subsidiaries	*30*	**148,516**
Current assets		
Cash at banks and in hand		**10**
Total assets		**148,526**
Equity		
Share capital	*27*	**200**
Reserves	*29*	**148,326**
Total equity		**148,526**

These financial statements on pages 43 to 91 were approved and authorised for issue by the Board of Directors on 11 July 2007 and are signed on its behalf by:

Chan Yuen Hing
Director

Tang Chee Kwong
Director

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	Share capital HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Property revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2005	1,783	—	—	20,061	—	102,579	124,423
Revaluation increase on land and buildings	—	—	—	11,124	—	—	11,124
Deferred tax debited in revaluation reserve	—	—	—	(311)	—	—	(311)
Exchange difference arising on translation of foreign operations recognised directly in equity	—	—	—	—	70	—	70
Net income recognised directly in equity	—	—	—	10,813	70	—	10,883
Profit for the year	—	—	—	—	—	48,553	48,553
Total recognised income and expenses for the year	—	—	—	10,813	70	48,553	59,436
Dividend paid	—	—	—	—	—	(53,000)	(53,000)
At 31 March 2006	1,783	—	—	30,874	70	98,132	130,859
Exchange difference arising on translation of foreign operations recognised directly in equity	—	—	—	—	1,239	—	1,239
Profit for the year	—	—	—	—	—	56,294	56,294
Total recognised income and expenses for the year	—	—	—	—	1,239	56,294	57,533
Issue of shares	10	—	—	—	—	—	10
Arising from the Reorganisation	(1,593)	1,593	—	—	—	—	—
Other (note 35(d))	—	—	1,445	—	—	—	1,445
Dividend paid	—	—	—	—	—	(38,000)	(38,000)
At 31 March 2007	200	1,593	1,445	30,874	1,309	116,426	151,847

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	2007 **HK$'000**	2006 HK$'000
Operating activities		
Profit before taxation	**63,982**	54,900
Adjustment for:		
Share of results of associates	**(1,173)**	(876)
Depreciation	**6,623**	7,498
Impairment of goodwill	**209**	—
(Release of)/provision for bad and doubtful debts	**(1,307)**	659
Provision for obsolete inventories	**—**	3,000
Reversal of revaluation decrease on land and buildings	**—**	(42)
Loss on disposal of property, plant and equipment	**—**	58
Loss on derivative financial instrument — forward foreign exchange contracts	**1,445**	—
Interest income	**(81)**	(78)
Interest expenses	**12,055**	5,668
Operating cash flows before movements in working capital	**81,753**	70,787
Increase in inventories	**(20,296)**	(36,572)
Increase in accounts receivable	**(9,394)**	(2,616)
Increase in other receivables, deposits and prepayments	**(7,016)**	(4,244)
Increase in amounts due from related companies	**(13,234)**	(3,832)
Decrease/(increase) in amount due from a director	**1,158**	(1,158)
Decrease in current account with an associate	**1,078**	313
Increase in accounts payable	**4,427**	23,511
Increase in accrued charges and other payables	**1,660**	5,314
Decrease in amount due to a director	**—**	(6,761)
Effect on change in foreign exchange rate	**246**	22
Cash generated from operations	**40,382**	44,764
Income tax paid	**(9,056)**	(4,400)
Interest paid	**(12,055)**	(5,668)
Net cash generated from operating activities	**19,271**	34,696

Consolidated Cash Flow Statement (Continued)

For the year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Investing activities			
Acquisition of a business	*31*	**(12,944)**	—
Payments to acquire property, plant and equipment		**(4,772)**	(3,945)
Investment in an associate		**(4,971)**	(9,365)
Interest received		**47**	51
Net cash used in investing activities		**(22,640)**	(13,259)
Financing activities			
Increase in trust receipts and other loans		**12,569**	29,369
New loans raised		**91,885**	9,241
Repayment of bank loans		**(56,151)**	(11,942)
Issue of shares		**10**	—
Dividends paid		**(38,000)**	(53,000)
Net cash generated from/(used in) financing activities		**10,313**	(26,332)
Net increase/(decrease) in cash and cash equivalents		**6,944**	(4,895)
Effect of change in foreign exchange rate		**67**	27
Cash and cash equivalents at beginning of year		**2,540**	7,408
Cash and cash equivalents at end of year		**9,551**	2,540
Analysis of the balances of cash and cash equivalents			
Cash at banks and in hand		**10,723**	3,797
Bank overdrafts		**(110)**	(229)
Pledged bank deposits		**(1,062)**	(1,028)
		9,551	2,540

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Organisation

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, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and acts as an investment holding company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 April 2007. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report. The principal activities of its subsidiaries are set out in note 30.

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

2. Group Restructuring and Basis of Presentation of Financial Statements

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 (the "Group Reorganisation"), the Company has become the holding company of the Group on 26 February 2007.

Details of the Group Reorganisation are set out in the paragraph headed "Corporate reorganisation" in Appendix VI to the Prospectus dated 30 March 2007 issued by the Company.

The Group resulting from the above mentioned Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger accounting for common control combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The consolidated income statements and the consolidated cash flow statements which are prepared in accordance with the principles of merger accounting, for each of the two years ended 31 March 2007 include the results and cash flows of the Company and its subsidiaries as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the years ended 31 March 2006 and 2007 or since their respective dates of incorporation or establishment, whichever is the shorter period. The consolidated balance sheet of the Group as at 31 March 2006 has been prepared in accordance with the principles of merger accounting to present the assets and liabilities of the companies comprising the Group as if the group structure upon the completion of the Group Reorganisation has been in existence as at that date.

As the Company was incorporated on 25 August 2006, no comparative figure is presented in respect of the Company's balance sheet.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards

At the date of authorisation of these financial statements, the following standards, amendments and interpretations that are relevant to the Group were in issue but not yet effective:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HK(IFRIC)-Int 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions	1 March 2007

The directors of the Company have considered these standards or interpretations and anticipate that these standards or interpretations have no material impact on how the results of operations and financial position of the Group are prepared and presented.

4. Principal Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared under the historical cost convention, except for land and buildings and certain financial instruments which are measured at fair value as appropriate and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") promulgated by the HKICPA. The financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The HKICPA has issued a number of new and revised HKFRSs that are first effective or available for early adoption for accounting periods beginning on or after 1 January 2006. The Group has early adopted all the new and revised HKFRSs that are relevant to its operations at the beginning of the year ended 31 March 2004.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Basis of Preparation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

4. Principal Accounting Policies (Continued)

(b) Basis of Preparation (Continued)

The results of subsidiaries acquired and disposed of during the year, other than those of the Group Reorganisation, are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intra-group transactions, balances, income, expenses and unrealised gains on transactions between group enterprises are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment on the asset transferred.

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.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(c) Business Combinations

The acquisition of subsidiaries, other than those of the Group Reorganisation, is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities assumed in a business combination are recognised at their fair values at the acquisition date.

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

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(d) Subsidiary

A subsidiary is an enterprise in which the Group has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

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

4. Principal Accounting Policies (Continued)

(e) Associates

An associate is an enterprise 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 these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are not recognised. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Where a Group enterprise 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.

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

(f) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill on acquisitions of subsidiaries is presented separately.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Gain or loss on the disposal of a subsidiary includes the carrying amount of goodwill relating to the subsidiary.

4. Principal Accounting Policies (Continued)

(g) Property, Plant and Equipment

Buildings held for use in production or supply of goods or services, or for administrative purposes, are stated in the balance sheet 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 balance sheet date. Other property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

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

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

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 and loss account 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, other than properties under construction, over their estimated useful lives, using the straight-line method. The useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The principal annual rates are as follows:

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

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

4. Principal Accounting Policies (Continued)

(h) Intangible Assets

The intangible assets with indefinite lives are stated at cost less impairment.

(i) Impairment of Assets Excluding Goodwill

Assets that have an indefinite useful life are not subject to amortisation and tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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 the profit and loss account, 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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account, 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.

(j) 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 selling expenses after the balance sheet date or to management estimates based on prevailing market conditions.

4. Principal Accounting Policies (Continued)

(k) Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(i) *Trade and other receivables*

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate provisions for estimated irrecoverable amounts are recognised in profit and loss account when there is objective evidence that the asset is impaired. The provision recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(iii) *Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(iv) *Borrowings*

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

4. Principal Accounting Policies (Continued)

(k) Financial Instruments (Continued)

(v) *Trade and other payables*

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(vi) *Equity instruments*

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

(vii) *Derivative financial instruments*

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to profit and loss account, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(l) Lease

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 balance sheet 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 and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

(m) Financial Guarantees Issued, Provisions and Contingent Liabilities

(i) *Financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit and loss account on initial recognition of any deferred income.

4. Principal Accounting Policies (Continued)

(m) Financial Guarantees Issued, Provisions and Contingent Liabilities (Continued)

(i) *Financial guarantees issued (Continued)*

The amount of the guarantee initially recognised as deferred income is amortised in profit and loss account over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 4(m)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) *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.

(n) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement 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 balance sheet date.

Deferred tax liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. However, such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) or 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 balance sheet date are used to determine deferred taxation.

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

4. Principal Accounting Policies (Continued)

(n) Taxation (Continued)

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

(o) Translation of Foreign Currencies

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

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

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see above for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operation are expressed in Hong Kong dollars using exchange rates prevailing on the balance sheet date. Income and expenses items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's exchange reserve. Such translation differences are recognised in profit and loss account 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.

4. Principal Accounting Policies (Continued)

(p) 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 balance sheet date.

(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 formulas. 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.

(q) Borrowing Costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(r) 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.

(s) 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) Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

(t) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

5. Critical Accounting Estimates and Judgements

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.

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 Trade and Other Receivable

The Group makes provision for impairment of trade and other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade 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 the profit and loss account in the period in which the actual return is determined.

5. Critical Accounting Estimates and Judgements (Continued)

(e) Income Taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) 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. In the analysis of fair value, the Group uses independent valuations which are based on various assumptions and estimates.

6. Turnover, Other Income and Segment Information

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

	2007 **HK$'000**	2006 HK$'000
Turnover		
Sales	**655,349**	547,612
Other income		
Exchange gains, net	**2,904**	943
Sundry income	**1,018**	1,353
Management fee income	**578**	653
Bank interest income	**81**	78
Bad debts recovered	**—**	147
Reversal of revaluation decrease on land and buildings	**—**	42
	4,581	3,216
Total revenue	**659,930**	550,828

(b) Business Segments

No segment analysis by business segment is presented as the Group principally operates in one business segment, which is the design, manufacture and trade of fine jewelry products.

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

(c) Geographical Segments

An analysis by geographical segment for the year was as follows:

	2007 HK$'000	2006 HK$'000
(1) Turnover		
— Hong Kong	**66,404**	41,525
— Japan	**41,048**	52,996
— The US	**155,990**	140,555
— Europe	**171,401**	126,830
— The Middle East	**187,126**	161,170
— Others	**33,380**	24,536
	655,349	547,612
(2) Additions to property, plant and equipment		
— Hong Kong	**1,376**	16
— The PRC	**2,903**	3,869
— The US	**493**	—
— Europe	**—**	60
	4,772	3,945
(3) Total assets		
— Hong Kong	**138,060**	135,261
— The PRC	**138,298**	118,907
— Japan	**12,458**	19,057
— The US	**69,753**	41,727
— Europe	**67,238**	37,035
— The Middle East	**33,550**	16,356
— Others	**6,820**	11,108
	466,177	379,451

7. Operating Profit

Operating profit is stated after charging/(crediting) the followings:

	2007 **HK$'000**	2006 HK$'000
Cost of goods sold	**486,010**	414,852
Depreciation	**6,623**	7,498
Staff costs *(note 10)*	**74,727**	67,465
Auditor's remuneration	**732**	591
(Reversal of)/provision for bad and doubtful debts	**(1,307)**	659
Provision for obsolete inventories	**500**	3,000
Impairment of goodwill	**209**	—
Loss on disposal of property, plant and equipment	**—**	58
Decrease in fair value of forward contracts	**1,445**	—
Gain on settlement of forward contracts upon maturity	**(797)**	—

8. Finance Costs

	2007 **HK$'000**	2006 HK$'000
Interest on bank borrowings wholly repayable within five years	**12,055**	5,668
Bank charges	**2,141**	1,472
	14,196	7,140

9. Taxation

Taxation in the consolidated income statements represents:

	2007 HK$'000	2006 HK$'000
Current tax — Hong Kong		
— for the current year	**6,439**	5,922
Current tax — Overseas		
— for the current year	**2,239**	1,542
— over provision in prior years	**(209)**	—
	8,469	7,464
Deferred taxation	**(781)**	(1,117)
	7,688	6,347

(i) Hong Kong Profits Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year.

(ii) PRC Enterprise Income Tax

The Company's major subsidiary, Guangzhou Noble Jewelry Limited is a wholly foreign owned enterprise operated in the PRC with applicable tax rate at 24%. It is entitled to two years' tax exemption for the years 2005 and 2006 and three years' 50% tax relief for the years 2007 till 2009.

(iii) Overseas Income Tax

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

9. Taxation (Continued)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the enacted tax rate of the Company as follows:

	2007 HK$'000	2006 HK$'000
Profit before taxation	**63,982**	54,900
Calculated at a tax rate of 17.5%	**11,197**	9,608
Tax effect on offshore income and expenditures not subject to Hong Kong profits tax	**(5,503)**	(4,321)
Tax effect of expenses not deductible for taxation purposes	**447**	799
Tax effect of non-taxable items	**(450)**	(26)
Tax exemption	**(325)**	(98)
Tax effect of share of results of associate	**(205)**	(153)
Tax effect on unrecognised tax losses	**1,052**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,684**	538
Over provision in prior years	**(209)**	—
Taxation charge	**7,688**	6,347

10. Staff Costs

	2007 HK$'000	2006 HK$'000
Wages and salaries	**72,892**	62,397
Pension contributions *(note 12)*	**700**	619
Social security costs *(note 12)*	**1,135**	4,449
	74,727	67,465

11. Emoluments of Directors and Highest Paid Individuals

(a) Directors' Emoluments

Year ended 31 March 2007

	Basic salaries, allowances and other benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Bonus HK$'000	Total HK$'000
Executive directors				
Chan Yuen Hing	**4,528**	**12**	**—**	**4,540**
Tang Chee Kwong	**2,500**	**12**	**—**	**2,512**
Chan Lai Yung	**564**	**12**	**—**	**576**
Yu Yip Cheong	**930**	**10**	**—**	**940**
Total	**8,522**	**46**	**—**	**8,568**

Year ended 31 March 2006

	Basic salaries, allowances and other benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Bonus HK$'000	Total HK$'000
Executive directors				
Chan Yuen Hing	4,399	12	—	4,411
Tang Chee Kwong	2,500	12	—	2,512
Chan Lai Yung	490	12	—	502
Total	7,389	36	—	7,425

There were no arrangements under which any director waived or agreed to waive any emoluments in respect of each of the years ended 31 March 2007 and 2006.

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

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2006: two) were directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2006: three) individuals were as follows:

	2007 HK$'000	2006 HK$'000
Wages and salaries	**2,462**	3,121
Pension contributions *(note 12)*	**26**	36
	2,488	3,157

The emoluments are within the following bands:

	2007 No. of employees	2006 No. of employees
HK$Nil – HK$1,000,000	**1**	2
HK$1,000,001 – HK$1,500,000	**1**	1
	2	3

(c) No emoluments were paid or payable to any directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

12. 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.

12. Employee Retirement Benefit (Continued)

The retirement benefits scheme contributions arising from the MPF Scheme charged to the income statement 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 subsidiary in the US principally participates in a mandatory retirement system under which the subsidiary contributes to the system a certain percentage of the salaries of its employees.

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.

13. Dividends

	2007 **HK$'000**	2006 HK$'000
Dividend paid (note a)	**38,000**	53,000
Proposed final dividend by the Company of HK$0.06 per ordinary share (note b)	**16,302**	—
	54,302	53,000

(a) On 30 September 2006, a dividend of HK$38,000,000 (2006: HK$53,000,000) was paid by the Company's subsidiary, Noble Jewelry Limited, to its then shareholder prior to the Group Reorganisation.

(b) At the meeting held on 11 July 2007, the directors proposed a final dividend of HK$0.06 per ordinary share. The dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 March 2008. The proposed dividend will be payable to all shareholders whose names appear on the register of members of the Company on 16 August 2007.

14. Earnings Per Share

The calculation of basic and diluted earnings per share for the year ended 31 March 2007 is based on the profit attributable to equity holders of the Company of HK$56,294,000 (2006: HK$48,553,000) and the weighted average of 208,000,000 (2006: 208,000,000) shares in issue during the year, calculated as follows:

Issue of shares on incorporation of the Company	1
Issue of shares *(note 27(i))*	999,999
Issue of consideration shares *(note 27(iii))*	19,000,000
Capitalisation issue *(note 36(a)(i))*	188,000,000
Number of shares in issue before the listing of the Company's shares on the Stock Exchange on 17 April 2007	208,000,000

The weighted average number of shares in issue during the years ended 31 March 2006 and 2007 represents the 208,000,000 shares in issue before the listing of the Company's shares on the Stock Exchange on 17 April 2007, as if such shares had been outstanding during the above entire years.

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue as at 31 March 2007 (2006: Nil).

15. Property, Plant And Equipment

	Land and buildings HK$'000	Furniture, fixtures and machinery HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:					
At 1 April 2005	43,880	34,009	7,430	2,333	87,652
Additions	—	3,895	50	—	3,945
Disposals	—	(674)	—	—	(674)
Revaluation	10,118	—	—	—	10,118
Exchange adjustments	—	35	—	—	35
At 31 March 2006	53,998	37,265	7,480	2,333	101,076
Acquisition of a business	—	900	—	—	900
Other additions	—	3,076	1,189	507	4,772
Disposals	—	—	—	(518)	(518)
Exchange adjustments	—	69	10	—	79
At 31 March 2007	53,998	41,310	8,679	2,322	106,309
Accumulated depreciation:					
At 1 April 2005	—	24,918	4,264	1,849	31,031
Charge for the year	1,048	4,556	1,496	398	7,498
Written back on disposal	—	(616)	—	—	(616)
Revaluation	(1,048)	—	—	—	(1,048)
Exchange adjustments	—	2	—	—	2
At 31 March 2006	—	28,860	5,760	2,247	36,867
Acquisition of a business	—	821	—	—	821
Charge for the year	1,322	3,596	1,467	238	6,623
Written back on disposal	—	—	—	(518)	(518)
Exchange adjustments	—	17	3	—	20
At 31 March 2007	1,322	33,294	7,230	1,967	43,813
Net book value:					
At 31 March 2007	52,676	8,016	1,449	355	62,496
At 31 March 2006	53,998	8,405	1,720	86	64,209

15. Property, Plant And Equipment (Continued)

(a) An Analysis of Cost and Valuation of the Group's Property, Plant and Equipment

	Land and buildings HK$'000	Furniture, fixtures and machinery HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Basis of book value as at 31 March 2007:					
2006 professional valuation	53,998	—	—	—	53,998
Cost	—	41,310	8,679	2,322	52,311
	53,998	41,310	8,679	2,322	106,309
Basis of book value as at 31 March 2006:					
2006 professional valuation	53,998	—	—	—	53,998
Cost	—	37,265	7,480	2,333	47,078
	53,998	37,265	7,480	2,333	101,076

(b) The Net Book Value of Land and Buildings Comprises

	2007 HK$'000	2006 HK$'000
Under medium-term lease (less than 50 years but not less than 10 years)		
— in Hong Kong	**50,681**	51,950
— outside Hong Kong	**1,995**	2,048
	52,676	53,998

(c) Revaluation of the land and buildings of the Group was carried out as at 31 March 2006 by Savills Valuation and Professional Services Limited, Chartered Surveyors on a market value basis. Had these land and buildings been carried at cost less accumulated depreciation, the carrying amounts would have been HK$23,489,000 (2006: HK$24,103,000).

16. Interests In Associates

	2007 HK$'000	2006 HK$'000
Share of net assets of associates	**13,321**	7,413
Amount due (to)/from an associate	**(135)**	943
	13,186	8,356

Particulars of the associates are as follows:

Name of associate	Place of incorporation and operation	Attributable equity interest of 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

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

	2007 HK$'000	2006 HK$'000
Total assets	**49,481**	30,331
Total liabilities	**(11,989)**	(8,019)
Net assets	**37,492**	22,312
Revenue	**38,977**	18,185
Profit for the year	**2,346**	1,753

17. Intangible Assets

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 are stated at cost less impairment.

The directors are of the opinion that the Group's intangible assets have indefinite useful life as the Group has incurred and intends to continue to incur significant promotion expenses, which are charged to profit and loss account when incurred, to maintain and increase the market value of its intangible assets.

18. Goodwill

	2007 HK$'000	2006 HK$'000
Cost:		
Arising from acquisition of a business during the year and balance as at 31 March 2007	**1,700**	—
Accumulated impairment:		
Recognised during the year and balance as at 31 March 2007	**209**	—
Net carrying value:		
At 31 March 2007	**1,491**	—

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to jewelry trading operation of Chad Allison Corporation.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

During the year, the Group assessed the recoverable amount of goodwill, and determined that goodwill was impaired by approximately HK$209,000. The recoverable amounts of the CGUs are determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a period of four years. The discount rate applied to cash flow projections is 33.73% and cash flows beyond four-year period are extrapolated using a growth rate of 4% which is determined with reference to the long term business prospects and the general economic outlook of US. Management estimated the budgeted gross margin based on the past performance and their expectations for market development.

19. Inventories

	2007 HK$'000	2006 HK$'000
Inventories comprise:		
Raw materials	**92,024**	75,831
Work in progress	**31,192**	24,398
Finished goods	**123,539**	115,304
	246,755	215,533

20. Accounts Receivable

The Group normally allows a credit period ranging from 30 to 180 days to its customers.

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

An ageing analysis of accounts receivable (net of impairment losses for bad and doubtful debts) of the Group is as follows:

	2007 HK$'000	2006 HK$'000
Within 1 month	**15,161**	21,203
Over 1 month but within 3 months	**41,406**	28,857
Over 3 months but within 6 months	**24,884**	12,091
Over 6 months but within 1 year	**4,495**	2,321
Over 1 year	**—**	1,099
	85,946	65,571

The directors consider the carrying amount of accounts receivable approximates its fair value.

Included in accounts receivable is the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

	2007 '000	2006 '000
United States dollars	**8,463**	6,546
Euros	**229**	48
Japanese Yen	**31,397**	43,917
British Pounds	**663**	564
Renminbi	**5,065**	—

21. Other Receivables, Deposits And Prepayments

	2007 HK$'000	2006 HK$'000
Other receivables	**3,807**	2,679
Deposits	**248**	313
Prepayments	**14,798**	7,900
	18,853	10,892

22. Cash At Banks And In Hand

Included in cash at banks and in hand in the consolidated balance sheets are the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

	2007 '000	2006 '000
United States dollars	**399**	41
British Pounds	**94**	5
Renminbi	**2,690**	1,129

RMB 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.

23. Bank Borrowings

	2007 HK$'000	2006 HK$'000
Bank overdrafts	**110**	229
Bank loans	**47,632**	11,898
Discounted bills with recourse	**3,088**	4,502
Trust receipts and export loans	**126,348**	112,365
	177,178	128,994
The borrowings are repayable as follows:		
On demand or within one year	**169,727**	127,380
In the second year	**7,451**	1,614
	177,178	128,994
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(169,727)**	(127,380)
Amount due for settlement after 12 months	**7,451**	1,614

Included in bank loans and overdrafts are the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

	2007 '000	2006 '000
United States dollars	**6,732**	6,774
British Pounds	**57**	44

The carrying amounts of all the Group's borrowings are denominated in Hong Kong dollar and their effective interest rates at the balance sheet date were as follows:

	2007	2006
Bank borrowings	**5.725%**	5.960%

23. Bank Borrowings (Continued)

As at 31 March 2007, the Group's banking facilities are secured by the Group's land and buildings with carrying amount of HK$50,681,000 (2006: HK$51,950,000), bank fixed deposits of HK$1,062,000 (2006: HK$1,028,000) and the directors' personal guarantees.

After the listing of the Company's shares on the Stock Exchange, the banks had released the directors' personal guarantees.

The maturity date of the discounted bills with recourse is within three to six months from inception date of the discounted bills.

24. Accounts Payable

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

	2007 **HK$'000**	2006 HK$'000
Within 1 month	**42,202**	29,765
Over 1 month but within 3 months	**29,329**	20,847
Over 3 months but within 6 months	**28,228**	35,755
Over 6 months	**2,525**	1,045
	102,284	87,412

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

The directors consider the carrying amount of accounts payable approximates its fair value.

Included in accounts payable is the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

	2007 **'000**	2006 '000
United States dollars	**6,614**	6,250

25. Accrued Charges And Other Payables

	2007 HK$'000	2006 HK$'000
Other payables	**6,126**	2,916
Staff salaries and benefits	**10,347**	8,290
Accruals	**5,644**	8,914
Deposits received	**686**	1,446
Others	**7,224**	4,763
	30,027	26,329

26. Deferred Taxation

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

	2007 HK$'000	2006 HK$'000
At beginning of year	**465**	1,271
Credit to profit and loss account	**(781)**	(1,117)
Charge to equity	**—**	311
At end of year	**(316)**	465

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

Deferred tax liabilities	**Accelerated tax depreciation** HK$'000	**Other** HK$'000	**Total** HK$'000
At 1 April 2005	1,284	270	1,554
Credit to profit and loss account	(333)	(65)	(398)
Charge to equity	311	—	311
At 31 March 2006	1,262	205	1,467
Credit to profit and loss account	(102)	—	(102)
At 31 March 2007	1,160	205	1,365

26. Deferred Taxation (Continued)

Deferred tax assets	Provision HK$'000	Other HK$'000	Total HK$'000
At 1 April 2005	(283)	—	(283)
Credit to profit and loss account	—	(719)	(719)
At 31 March 2006	(283)	(719)	(1,002)
Credit to profit and loss account	—	(679)	(679)
At 31 March 2007	(283)	(1,398)	(1,681)

27. Share Capital

	Number of shares	Amount HK$'000
Share of the Company with nominal value of HK$0.01 each		
Authorised:		
Incorporation of the Company *(i)*	30,000,000	300
Increase during the year *(ii)*	9,970,000,000	99,700
At 31 March 2007	10,000,000,000	100,000
Issued and fully paid:		
On incorporation *(i)*	1	—
Issue of shares *(i)*	999,999	10
Issue of consideration shares *(iii)*	19,000,000	190
At 31 March 2007	20,000,000	200
Capitalisation issue *(note 36(a)(i))*	188,000,000	1,880
Issuance of shares for placing and public offering *(note 36(a)(ii))*	52,000,000	520
Issue of share upon the exercise of the over-allotment option *(note 36(b))*	11,700,000	117
At the date of approval of these financial statements	271,700,000	2,717

27. Share Capital (Continued)

(i) The Company was incorporated on 25 August 2006 with an authorised share capital of HK$300,000 divided into 30,000,000 ordinary shares of HK$0.01 each.

On the incorporation of the Company, one nil paid ordinary share was issued to Mr. Chan Yuen Hing, as initial shareholder. On the same day, 999,999 ordinary shares were allotted and issued nil paid to Mr. Chan Yuen Hing. On 26 February 2007, the 1,000,000 ordinary shares were transferred to First Prospect Holdings Limited ("First Prospect") which is owned by Mr. Chan Yuen Hing. The shares allotted and issued at nil paid were credited as fully paid at par.

(ii) Pursuant to the resolution of the sole shareholder of the Company on 26 February 2007, the authorised share capital of the Company was increased from HK$300,000 to HK$100,000,000 by the creation of an additional 9,970,000,000 ordinary shares of HK$0.01 each, ranking *pari passu* with the existing ordinary shares of the Company in all respects.

(iii) On 26 February 2007, the Company issued and allotted, credited as fully paid 19,000,000 ordinary shares, as to 18,125,000 ordinary shares to First Prospect, 375,000 ordinary shares to Mr. Tang Chee Kwong, 250,000 ordinary shares to Mr. Yu Yip Cheong and 250,000 ordinary shares to Ms. Chan Lai Yung, and credited as fully paid the 1,000,000 nil paid ordinary shares to Mr. Chan Yuen Hing, in consideration for the entire share capital of Noble Jewelry (BVI) Limited, which owns and controls all the operating subsidiaries.

(iv) The share capital presented in the consolidated balance sheet as at 31 March 2006 represents the aggregate amount of the nominal value of the share capital of Noble Jewelry Limited, Noble Jewelry (Overseas) Limited and Farwin Limited.

28. 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.

28. Share Option Scheme (Continued)

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 share 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 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 sheet issued by the Stock Exchange over the five trading days immediately preceding the date of grant; (c) the nominal value of a share.

No share option was granted under the scheme up to the date of approval of these financial statements.

29. Reserves

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 thereafter. 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 exchange contracts which were novated to a company wholly owned by a shareholder without any consideration. Details are disclosed in note 35(d).

Property Revaluation Reserve

Property revaluation reserve represents the cumulative net change in the fair value of land and buildings held at the balance sheet date and is dealt with in accordance with the accounting policy in note 4(g).

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(o).

29. Reserves (Continued)

Company

	Contributed surplus HK$'000
Arising from the Reorganisation	148,326

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 under the Reorganisation was transferred to the contributed surplus account in the Company's financial statements.

The Company has no revenue earned or expense incurred during the year ended 31 March 2007.

30. Investments In Subsidiaries

	The Company HK$'000
Unlisted shares, at cost	148,516

30. Investments In Subsidiaries (Continued)

Details of the principal subsidiaries as at 31 March 2007 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company directly	indirectly	Principal activities
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* (Guangzhou Noble Jewelry Limited)	PRC 12 April 2004	PRC	HK$10,000,000	—	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 US 24 March 2006	US	US$2,000	—	100%	Design and trading of jewelry
Noble Jewelry Limited	The state of New York, the US 20 September 2005	US	US$100,000	—	100%	Trading of jewelry
Farwin Limited	Hong Kong 22 June 2001	India	HK$10,000	—	100%	Acting as purchase agent
廣州億恒珠寶有限公司* (Guangzhou Sinoble Jewelry Limited)	PRC 17 October 2006	PRC	HK$1,000,000	—	100%	Manufacture and trading of jewelry

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

31. Acquisition of a Business

On 3 April 2006, Chad Allison Corporation, an indirect wholly owned subsidiary of the Company, acquired the trading business with substantially all of the assets and liabilities of Chad Allison Designs, LLC which was incorporated in the United States for a cash consideration of US$2,328,000 (equivalent to approximately HK$18,040,000). This transaction has been accounted for by the acquisition method of accounting.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Carrying amount of net assets before combination HK$'000	Fair value adjustments HK$'000	Total HK$'000
Net assets acquired:			
Property, plant and equipment	79	—	79
Intangible assets	—	3,242	3,242
Inventories	9,787	—	9,787
Accounts receivable	9,674	—	9,674
Other receivables, deposits and prepayments	945	—	945
Bank and cash balances	5,371	—	5,371
Bank overdraft	(275)	—	(275)
Accounts payable	(10,445)	—	(10,445)
Accrued charges and other payables	(2,038)	—	(2,038)
	13,098	3,242	16,340
Goodwill			1,700
Total consideration satisfied by cash			18,040
Net cash outflow arising on acquisition:			
Cash consideration			(18,040)
Bank balances and cash acquired			5,371
Bank overdraft acquired			(275)
			(12,944)

The goodwill arising on the acquisition of the trading operation is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination (note 18).

32. Commitments

Operating lease arrangements

	2007 **HK$'000**	2006 HK$'000
Minimum lease payments paid under operating leases	**3,023**	2,370

At the balance sheet date, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	2007 **HK$'000**	2006 HK$'000
Within one year	**3,197**	1,738
In the second to fifth years inclusive	**6,744**	2,454
	9,941	4,192

Operating lease payments represent rentals payable by the Group for certain of its office premises. The lease is negotiated for a term of one to five years at fixed rentals.

33. Contingent Liabilities

At the balance sheet date, there were contingent liabilities in respect of:

	2007 **HK$'000**	2006 HK$'000
The amount of the outstanding loan granted by a bank to Worldmart Jewelry Gems Emporium (HK) Limited, a related company of the Group for which unlimited guarantee has been given by the Group to the bank	**8,287**	13,087

Upon the listing of the Company's shares on the Stock Exchange, the bank had released the above guarantee.

34. Financial Risk Management

(a) Financial Risk Factors

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

(i) *Credit risk*

The Group has no significant concentrations of credit risk. It has policies in place to ensure that the sales of goods are made 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.

(ii) *Price risk*

The Group is exposed to price risk on diamond, gold and precious stones as these materials are the majority of cost of the Group's products. The Group has implemented certain measures to minimise its exposure to these materials price risk by the adoption of the cost plus basis formula in setting the selling prices of the Group's products and the minimisation of inventory level on hand.

(iii) *Foreign currency risk*

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

Apart from the arrangement to reduce foreign currency risk with respect to Renminbi during the year, the Group does not hedge its exposure to other foreign exchange risk but will consider appropriate hedging measure if required.

(iv) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

34. Financial Risk Management (Continued)

(a) Financial Risk Factors (Continued)

(v) *Interest rate risk*

The Group's income and operating cash flows are substantially independent of the changes in market interest rates as the Group has no significant interest-bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest-rate risk. Details of the Group's borrowings have been disclosed in note 23.

(b) Fair values estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2007.

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.

35. Related Party Transactions

(a) Apart from the related party transaction as disclosed in note 33, during the year, the Group entered into the following significant transactions with its related parties:

	2007 **HK$'000**	2006 HK$'000
(i) Recurring transactions		
(1) Sale of goods to Noblediam *(note i)*	**30,182**	15,448
(2) Management fees received from Noblediam *(note ii)*	**292**	190
(3) Sale of goods to Pesona Noble *(note i)*	**3,172**	3,572
(4) Management fees received from Pesona Noble *(note ii)*	**240**	240

35. Related Party Transactions (Continued)

(a) (Continued)

	2007 HK$'000	2006 HK$'000
(ii) Non-recurring transactions		
(1) Sales of goods to Ijewelry.com Limited in which Chan Yuen Hing has beneficial interests *(note i)*	**29,437**	19,977
(2) Management fees received from Worldmart Jewelry Gems Emporium (HK) Limited in which Chan Yuen Hing has beneficial interests *(note ii)*	**46**	223
(3) Purchase of goods from Hesperus Jewelry Company Limited in which Chan Yuen Hing's brother has beneficial interests	**—**	557

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.

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

(b) Key Management Compensation

	2007 HK$'000	2006 HK$'000
Wages and salaries	**13,578**	11,990
Pension	**145**	129
	13,723	12,119

35. Related Party Transactions (Continued)

(c) (i) **Balances with related companies**

	2007 **HK$'000**	2006 HK$'000
Noblediam	**5,940**	4,096
Ijewelry.com Limited	**17,207**	5,644
Other	**22**	195
	23,169	9,935

The balances maintained with the related companies were unsecured, interest-free and had no fixed repayment terms.

(ii) **Balance with a director**

Details of amount due from a director are as follows:

	2007 **HK$'000**	2006 HK$'000
Chan Yuen Hing	**—**	1,158
Maximum amount outstanding during the year	**33,228**	1,158

The balances maintained with the director were unsecured, interest-free and had no fixed repayment terms.

(d) In May 2006, the Group entered into forward foreign currency contracts to purchase RMB32,000,000 for US$4,000,000 per quarter until June 2007. The loss of HK$1,445,000 from remeasuring these contracts at fair value was recognised in profit and loss account during the year.

In December 2006, the above contracts were novated to a company wholly owned by Chan Yuen Hing without any consideration. The forward liabilities of approximately HK$1,445,000 arising from remeasuring these contracts were credited directly in equity.

36. Subsequent Events

(a) On 17 April 2007, the Company's shares were listed on the Main Board of the Stock Exchange following the completion of the public offer and placing as described in the prospectus of the Company dated 30 March 2007.

(i) *Capitalisation issue*
On 12 April 2007, an amount of HK$1,880,000 standing to the credit of the share premium account was applied in paying up in full at par 188,000,000 ordinary shares of HK$0.01 each for allotment and issue to holders of shares on the register of members at close of business on 10 April 2007.

(ii) *Issuance of shares for public offer and placing*
On 17 April 2007, an aggregate of 52,000,000 ordinary shares of HK$0.01 each were issued and offered for subscription under public offer and placing at a price of HK$1.50 per share upon the listing of the Company's shares on the Stock Exchange. The Group raised approximately HK$65,396,000, net of related expenses from the share offer and placing.

(b) On 25 April 2007, an aggregate of 11,700,000 ordinary shares of HK$0.01 each were issued at a price of HK$1.50 per share, raising approximately HK$16,936,000 net of related expenses, upon the exercise of the over-allotment option as described in the prospectus of the Company dated 30 March 2007.

37. Ultimate Holding Company

The directors of the Company regard First Prospect, a company incorporated in the British Virgin Islands, as being the ultimate holding company.

Four Years Financial Summary

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

	Year ended 31 March			
	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 2)	(Note 1)	(Note 1)	(Note 1)
Results				
Turnover	**655,349**	547,612	453,924	357,522
Profit before taxation	**63,982**	54,900	37,972	31,937
Taxation	**(7,688)**	(6,347)	(4,589)	(3,654)
Profit for the year attributable to the equity holders of the Company	**56,294**	48,553	33,383	28,283

	As at 31 March			
	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 2)	(Note 1)	(Note 1)	(Note 1)
Assets and Liabilities				
Non-current assets	**80,731**	72,565	58,801	49,899
Current assets	**385,446**	306,886	262,995	226,108
Current liabilities	**(306,879)**	(246,513)	(191,632)	(161,179)
Net current assets	**78,567**	60,373	71,363	64,929
Total assets less current liabilities	**159,298**	132,938	130,164	114,828
Non-current liabilities	**(7,451)**	(2,079)	(5,741)	(10,728)
Net assets	**151,847**	130,859	124,423	104,100

Notes:

(1) The Company was incorporated in the Cayman Islands on 25 August 2006 and became the holding company of the Group with effect from 26 February 2007 as a result of a reorganisation as detailed in the prospectus dated 30 March 2007 issued by the Company. Accordingly, the results of the Group for each of the three years ended 31 March 2006 have been prepared on a combined basis as if the current group structure had been in existence throughout the years concerned and have been extracted from the prospectus dated 30 March 2007 issued by the Company. In addition, the assets and liabilities of the Group as at 31 March 2004, 2005 and 2006 have been prepared on a combined basis as if the current group structure had been in existence at those dates and have been extracted from the prospectus dated 30 March 2007 issued by the Company.

(2) The results of the Group for the year ended 31 March 2007 and the assets and liabilities of the Group as at 31 March 2007 have been extracted from the audited consolidated income statement and audited consolidated balance sheet as set out on pages 43 and 44 respectively, of the financial statements.