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

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 00475)

ANNUAL REPORT 2010

CORPORATE MISSION

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

Contents

Corporate Information

Board of Directors

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

Independent non-executive Directors
Mr. Chan Cheong Tat
Mr. Tang Chiu Ming Frank
Mr. Yu Ming Yang

Audit Committee

Mr. Chan Cheong Tat *(Chairman)*
Mr. Tang Chiu Ming Frank
Mr. Yu Ming Yang

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

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

Principal Share Registrar

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

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

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

Legal Adviser

Stephenson Harwood & Lo

Auditor

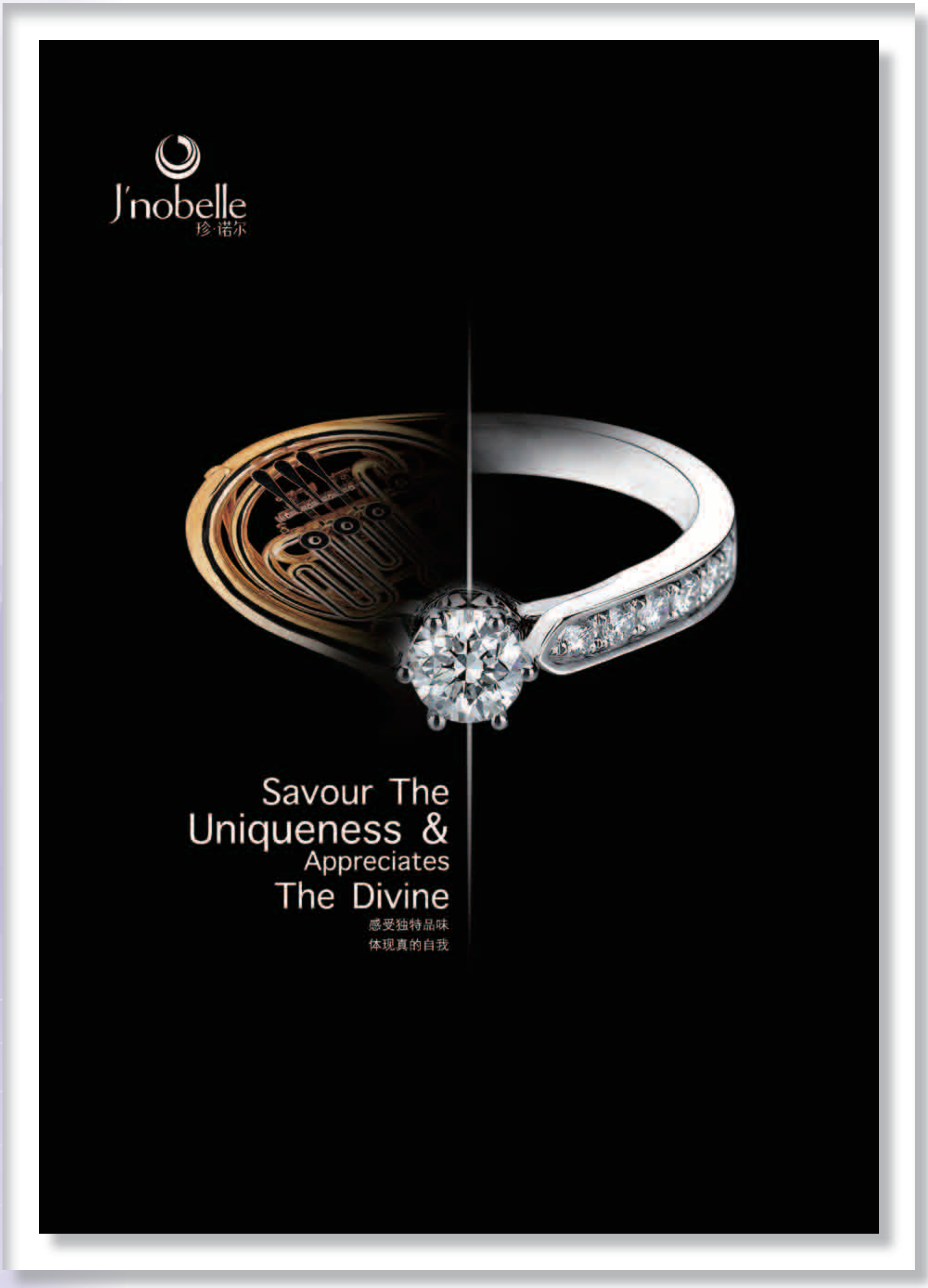
BDO Limited

Company Website

www.noble.com.hk

Stock Code

00475


J'nobelle
珍·诺尔
Savour The
Uniqueness &
Appreciates
The Divine
感受独特品味
体现真的自我

Chairman´s Statement

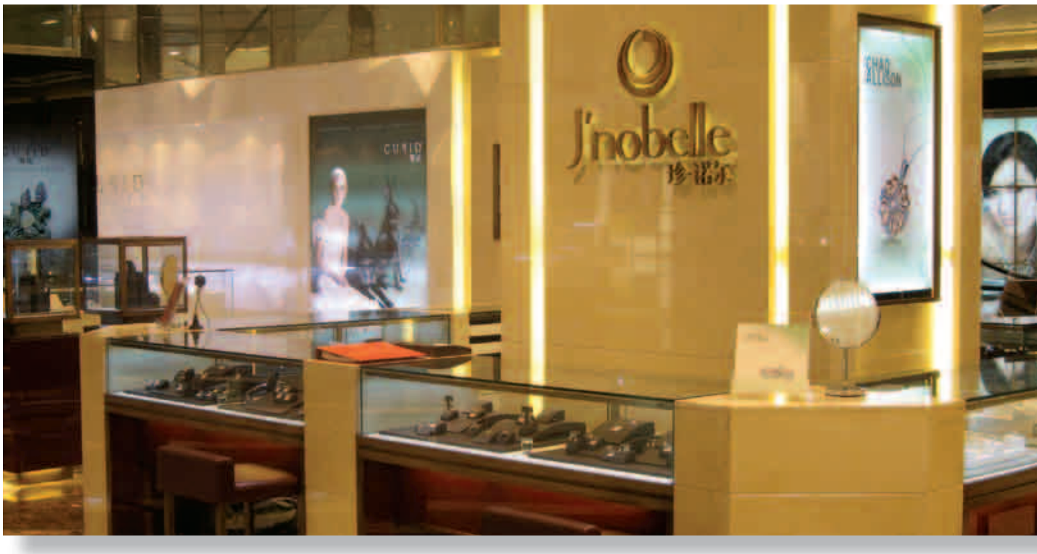
To Our Shareholders,

On behalf of the board of directors ("Director(s)") of Noble Jewelry Holdings Limited (the "Company"), I am pleased to present the annual report (the "Annual Report") of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010.

Mr. Chan Yuen Hing, Johnny
Chairman

In light of the better consumer sentiment spurred by a gradually reviving world economy, as well as seasonal trend of jewelry products, we have strived to improve the Group's business performance in the second half of the year. Though the global demand for jewelry has yet to recover to the level reached before the financial crisis, the Group's continued efforts in expanding its sales network and market diversification, combined with effective cost control measures were successful in maintaining our profitability during the year under review, despite the overall decline in sales.

In view of the volatile economic conditions in European countries and the United States (the "US"), we have made a strategic decision to extend our presence into emerging markets, such as Eastern Europe, South America and Africa, thereby opening up more revenue streams. China, a market with exceptional potential, has also been our continuous focus. With the Customer



Knowledge Management system put in place, enabling better utilization of resources, the Group has placed a greater emphasis on quality customers who possess solid growth potential and provide stable income sources for the Group.

During the year under review, the Group has made headway in initiating a variety of business collaboration endeavors. We have formed a joint venture to explore the jewelry roadshow business within Sam's Club operated by Wal-Mart in the US, the Group has already conducted more than 110 jewelry roadshows across the US within the Sam's Club network. A joint venture with a Shandong jewelry distributor also enabled the Group to extend its coverage across China and reach consumers by offering products at the distributor's outlets. Moreover, we will look into wedding jewelry business by forming a joint venture to provide a wedding etiquette and ancillary service in the People's Republic of China ("PRC").

One of our key developments is expanding retail business segments more actively, with a special concentration in China. We have opened a total of eight directly operated stores ("DOS") "珍诺尔" mainly at prime locations in prosperous Eastern China, targeting the increasingly sophisticated Chinese customers with higher disposable incomes. More stores are planned to be opened in the coming year within that region. We have also introduced the jewelry brand LAVITA, the designer brand developed by the Group, together with Chad Allison and OriDiam, into our retail network to provide a wider product offering. With the same intention, we launched gold jewelry in China apart from diamond jewelry.

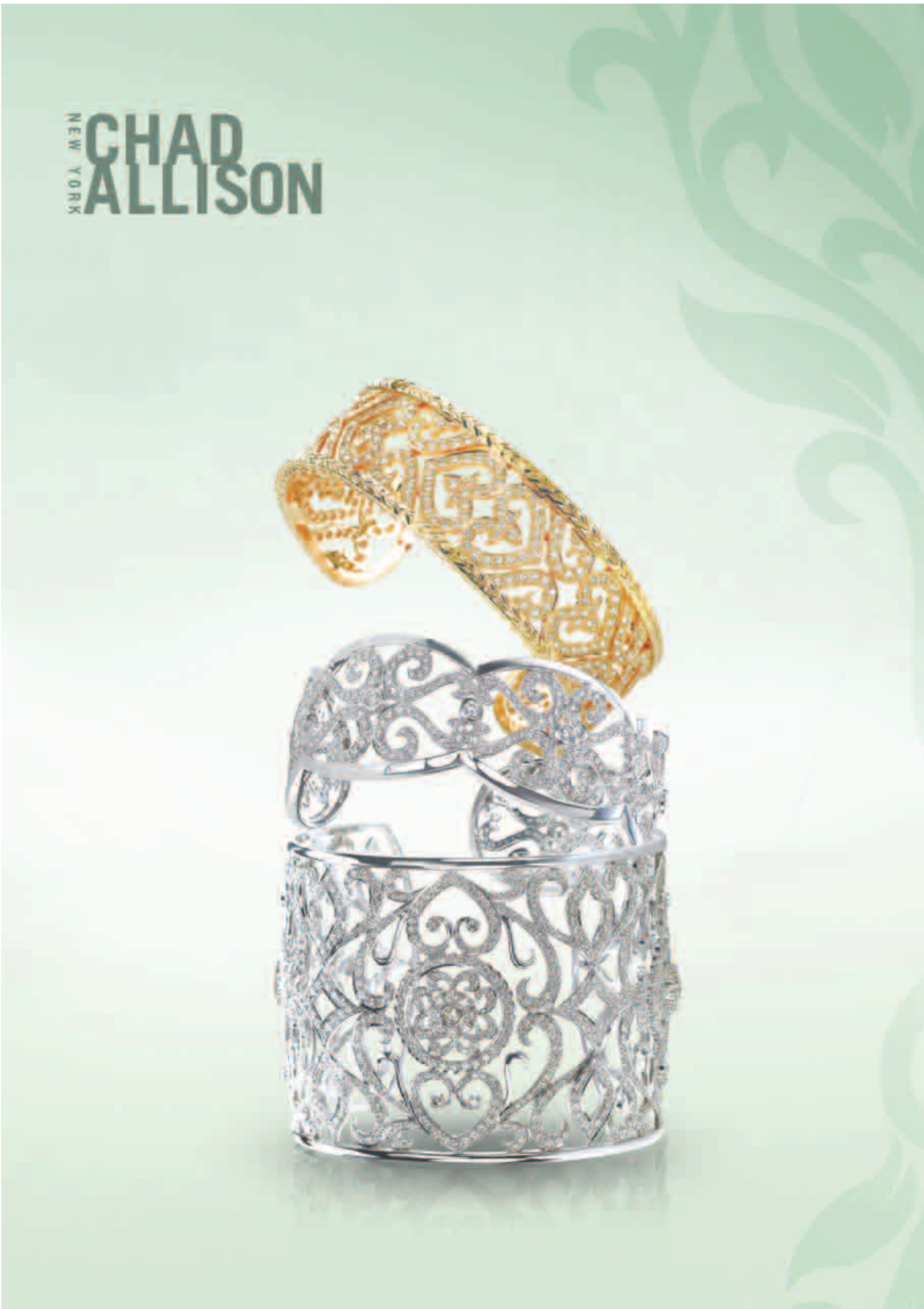
With Europe's debt dilemma threatening its recovery and the global economy remaining fragile, the Group will be committed in strengthening new business collaborations, while consolidating its foundation to protect core business segments through ongoing measures such as boosting product development and enhancing cost control procedures. We believe these actions will contribute to a higher diversity and greater dynamics to our businesses, creating growth opportunities that generate returns to our shareholders in the years to come.

Appreciation

On behalf of the board of Directors (the "Board"), I would like to express my heartfelt gratitude to the management and staff for their dedication during the year. I also wish to offer my appreciation to the Group's shareholders, customers and business partners for their unwavering support. We will continue to strengthen our business base while solidifying our strategic business alliances in order to achieve satisfactory returns to our shareholders.

Chan Yuen Hing
Chairman

Hong Kong, 23 July 2010


CHAD ALLISON
NEW YORK

Management Discussion and Analysis

Operating Results

Though effects of the financial crisis continued to linger, the Group experienced an upturn in performance toward the second half year, which can partly be attributed to better consumption sentiment resulting from a gradually improving world economy, as well as seasonally related spending. The Group took measures to expand its sales network and diversify into other key markets, as well as employ prudent business strategies and stringent cost control measures to better equip itself from the downturn and market adversities. Despite the turnover decreased to HK$521.3 million (2009: HK$631.9 million) against the previous fiscal year, the Group focused on improving its profit margins during the year under review and has succeeded in maintaining both gross profit and net profit attributable to shareholders at HK$137.9 million and HK$3.1 million respectively (2009: HK$147.6 million and HK$1.3 million respectively), resulting from business and market diversification, streamlined operations and effective control of costs. Basic earnings per share were 1.2 HK cents (2009: 0.5 HK cents).

Business Review

Sales Analysis by Geographical Market

For the year ended 31 March 2010, the European market reported total sales of HK$163.3 million, representing 31.3% of total turnover. The Group has extended its presence into the Russian Federation to mitigate the sales drop in the lackluster European market. The Middle East was the second largest market for the Group, representing 26.2% of total turnover, reporting sales of HK$136.5 million. Lying third was the Asia Pacific (excluding the PRC) which took in sales of HK$96.3 million and accounted for 18.5% of total turnover. The American and the PRC markets accounted for 16.1% and 7.9% of total turnover, registering sales of HK$84.1 and HK$41.1 million respectively.

Margin Analysis

The Group has striven to achieve the gross profit margin at 26.5% while net profit was increased slightly despite a rise in raw material costs such as gold and diamonds. The gain in net profit was achieved through effective cost control measures that included increasing use of subcontractors in production related processes as well as streamlining of operations and production; strategically moving some operations from Hong Kong to the Group's PRC logistics base all with a view to minimizing operating costs. In addition, lean manufacturing was employed while advanced techniques for crafting clustered diamonds and recycling of outmoded jewelry pieces were practiced as well.

Wholesale Business

The wholesale business encompasses Original Design Manufacturing (ODM) and Original Brand Manufacturing (OBM), with both activities generating combined total sales of HK$483.3 million for the reporting period, thus accounting for 92.7% of the Group's total turnover. Throughout the year, the management continued to diversify the business in terms of market and customer segment respectively. Focus was placed on selling to quality customers who possess solid growth potential and are able to place mass orders, as well as those capable of contributing steady and significant revenue and can bear price fluctuations. As well, the Group sought to rationalize its Customer Knowledge Management (CKM) system to better utilize the customer database for promoting business development and efficient use of resources. Furthermore, the provision of Original Strategy Management (OSM) support to customers helped equip customers with the necessary information for formulating business expansion and development strategies as well as enhancing management capability.

Retail and Brand Business

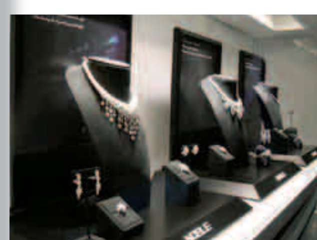
The retail and brand business recorded total sales of HK$14.8 million, accounting for 2.8% of the Group's total turnover for the year. The Group continued to focus on developing its retail business in the PRC market during the year. In addition to opening two DOS, "珍诺尔", in Eastern China within the first half of the fiscal year, four more DOS were established in Shanghai, Ningbo and Suzhou before the end of 2009. The Group has been exploring the possibility of distributing LAVITA and Chad Allison lines of products through DOS and its retail network in the PRC in order to enhance penetration of the said brands across the country. Apart from diamond jewelry, gold jewelry has also been included in the Group's product offerings to widen the range of selection for its customers in the PRC. As well, effort was made to rejuvenate the OriDiam brand which was distributed through our joint venture partner's sales network in Spain, achieving favorable reception from customers since completion of the re-branding campaign.

Sales Network Collaboration

The sales network development business reported turnover of HK$23.2 million, accounting for 4.5% of total turnover. In May 2009, the Group established a joint venture leading to the creation of a retail platform and roadshow business within Sam's Club, operated by Wal-Mart in the US. Though the jewelry roadshow business is still under exploration stage and the operating result has yet to be seen, the Group has conducted over 110 jewelry roadshows, since August 2009, within the Sam's Club network.

The Group also established a joint venture company with a Shandong distributor in March 2009, thereby extending its coverage across the PRC. Leveraging the distributor's connection, the Group started to offer its products at their retail network during the year. In November 2009, another joint venture was formed with a wedding etiquette and ancillary services provider in a bid to extend the Group's products and sales channels to the wedding arena in PRC in the long run.

The Group's ties with Shanghai Chenghuang Jewellery Limited ("Chenghuang Jewellery") was reinforced with the operating of two retail counters within their headquarters, which is located in a prime, high-pedestrian traffic area of Shanghai.



Prospects

The management remains optimistic about the Group's business as signs of improvement have appeared since the second half of the fiscal year. The Group will therefore cautiously explore new business initiatives while concurrently strengthen its foundation in preparation for long-term and persistent growth. To control costs, measures such as subcontracting certain production processes will continue, as well as strategically moving some Hong Kong operations to the PRC logistics base.

Wholesale Business

To maintain progress in its wholesale business, the Group will continue with market and customer diversification, thereby also avoiding the risks associated with overdependence. Widening the product mix by leveraging the Group's product development process will be sought as well. For better management of resources and customer database, the CKM system will be intensively applied, while identifying potential customers and promoting their business growth will be achieved with the aid of the OSM model. Moreover, attracting and retaining substantial-order customers will be an ongoing focus as stable and healthy revenue sources is particularly important for this key business activity.

Retail and Brand Business

For the brand business, expanding the retail network will be the prime motivation for the Group in the coming year. Already, one more DOS "珍诺尔" has been opened in Hangzhou in May 2010. The management plans to open two to three more DOS in Eastern China in the fiscal year 2010/11. Furthermore, the Group will continue to utilize its retail network to promote LAVITA and Chad Allison branded products in the PRC market. It will also take steps to expand its brand distribution business in the PRC and overseas. As for the OriDiam brand, the management aims to bolster its image by employing marketing campaigns that take full advantage of the Group's distribution channels.

Sales Network Collaboration

For reaching strategic markets and to promote business-to-business-to-consumer (B2B2C) activity, the Group will continue collaborating with leading retail chain stores and sales network operators. It will continue to explore the Sam's Club roadshow business in the US while adhering to the principle of running a cost-effective operation. To reinforce ties with its Shandong distributor as well as promote collaboration with Chenghuang Jewellery, the Group will offer more variety of products while tapping their respective market preference.

Throughout the coming year, the management team will employ business collaboration strategies that allow the Group to maximize profit margins. In tandem, it will seek to boost product development, which is essential for preserving the appeal of products, thereby upholding the Group's reputation for style and innovation. Consolidation of business fundamentals will also be pursued with the objective of achieving future growth. Likewise, prudent strategies will be formulated to expand the Group's business, allowing for long-term healthy development.

Liquidity and Financial Resources

As at 31 March 2010, the Group's liquidity position was maintained, as a result of the stringent cost control, at a level to minimise the adverse impact of the financial downturn.

As at 31 March 2010, the Group's net current assets and current ratio stood at HK$154.6 million and 1.5 respectively (2009: HK$163.0 million and 1.7 respectively). Net gearing ratio (total interest bearing borrowings net of cash at banks and in hand as a percentage of total equity) was 45.0% as at 31 March 2010 (2009: 57.3%). The decrease in net current assets for the year under review were mainly attributable to the significant increase in accounts payable and the decrease in net gearing ratio was due to the slightly decrease in bank borrowings and more cash at banks during the year.

The Group's total bank borrowings including bank overdrafts and bank loans as at 31 March 2010 were decreased by 9.9% over last year to HK$144.2 million (2009: HK$160.1 million), of which the total bank borrowings in US dollars amounted to US$1.1 million (2009: US$2.1 million).

The Group's banking facilities, comprising primarily bank overdrafts and bank loans, amounted to HK$315.4 million as at 31 March 2010, out of which approximately HK$171.2 million was unutilised.

As at 31 March 2010, the Group's cash at banks and in hand amounted to HK$27.5 million (2009: HK$14.3 million).

Charges on Group Assets

As at 31 March 2010, a banking facility was secured by the pledge of one of the Group's buildings with carrying amount of HK$10.3 million (2009: Nil).

Capital Structure

For the year ended 31 March 2010, the Group financed its liquidity requirements through a combination of cash flow as generated from operation and bank borrowings.

Capital Commitment and Contingent Liabilities

As of 31 March 2010, the Group has HK$2.4 million of capital commitments (2009: HK$2.9 million).

As at 31 March 2010, the Group did not have any significant contingent liabilities (2009: Nil).

Staff and Remuneration Policy

As at 31 March 2010, the Group had a total of 889 employees (2009: 1,080). Staff costs for the year ended 31 March 2010 was HK$84.5 million, representing a decrease of 22.3% as compared to 2009 of HK$108.8 million. The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

The Group has approved and adopted a share option scheme on 26 February 2007 for its employees and other eligible participants with a view to providing an incentive to or as a reward for their contributions to the Group. An aggregate of 2,460,000 share options were outstanding as at the date of this Annual Report.

Foreign Exchange Fluctuation and Hedges

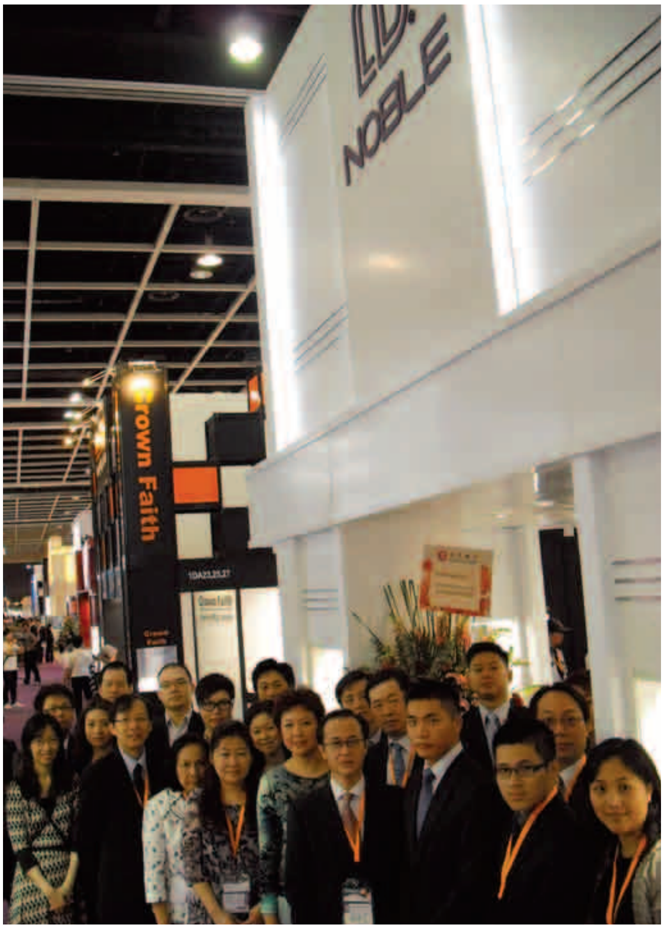
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars, British Pounds, Euros, Japanese Yen and China Renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and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

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

At 31 March 2010, no forward foreign currency contracts are designated as hedges (2009: Nil).


LAVITA
Legati Collection

Tradeshow Overview



2009	Tradeshow	Country/City
Apr 7 – 11	**MidEast Watch & Jewellery Show, Sharjah**	UAE
May 14 – 16	**International Jewellery Kobe (IJK)**	Japan
May 16 – 20	**Charm (VicenzaOro Spring)**	Italy
May 25 – 28	**G.L.D.A. Las Vegas Gem & Jewelry Show**	US
May 30 – Jun 2	**JCK Las Vegas**	US
Jun 18 – 21	**Hong Kong Jewellery & Gem Fair**	Hong Kong
Jul 26 – 29	**JA New York Summer Show**	US
Sep 6 – 9	**International Jewellery London**	UK
Sep 12 – 16	**Choice (VicenzaOro Autumn)**	Italy
Sep 12 – 17	**Junwex Moscow**	Russia
Sep 23 – 27	**Hong Kong Jewellery & Gem Fair**	Hong Kong
Oct 1 – 5	**Jewelers International Showcase (JIS)**	US
Oct 25 – 27	**JANY Special Delivery Show**	US
Oct 27 – 31	**MidEast Watch & Jewellery Autumn Show, Sharjah**	UAE
Nov 17 – 21	**Jewellery Arabia, Bahrain**	Bahrain

2010	Tradeshow	Country/City
Jan 16 – 21	**First (VicenzaOro Winter)**	Italy
Jan 30 – Feb 1	**Jewelers International Showcase (JIS)**	US
Feb 7 – 11	**Spring Fair International**	UK
Feb 19 – 22	**Inhorgenta Europe**	Germany
Feb 28 – Mar 2	**JA New York Winter Show**	US
Mar 5 – 9	**Hong Kong International Jewellery Show**	Hong Kong
Mar 18 – 25	**Basel World**	Switzerland
Mar 30 – Apr 4	**MidEast Watch & Jewellery Show, Sharjah**	UAE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Directors and Senior Management

Executive Directors

Mr. Chan Yuen Hing (also known as Mr. Johnny Chan), aged 49, 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 over 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 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 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.

Mr. Tang Chee Kwong (also known as Mr. Stephen Tang), aged 56, is our chief executive officer and an executive Director. He joined the Group in 2002 and is responsible for business policy formulation and execution. Mr. Stephen Tang had previously worked at 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 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 60, is an executive Director. She joined the Group in 1992 and is responsible for reviewing and improving the operations of the Group. Ms. Amy Chan has over 15 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. Chan Wing Nang (also known as Mr. Alex Chan), aged 46, is an executive Director. He joined the Group in 2007 and is responsible for formulating the overall sales and marketing strategies of the Group. Mr. Alex Chan obtained a master's degree in business administration from the University of Leicester in 1993. Mr. Alex Chan has over 20 years' experience in sales and marketing.

Mr. Lai Wang, aged 43, is an executive Director. He joined the Group in 2004 and is responsible for the production and operation management of the Group. Mr. Lai obtained a master's degree in business administration from the Hong Kong Baptist University in 2008. Mr. Lai has over 10 years' experience in production management. Mr. Lai was appointed as an executive Director on 1 January 2010.

Mr. Tsang Wing Ki (also known as Mr. Edmond Tsang), aged 48, is an executive Director. He joined the Group in 2005 and is responsible for the financial and accounting matters of the Group. Mr. Edmond Tsang obtained a master's degree in professional accounting from the Hong Kong Polytechnic University in 2000. Mr. Edmond Tsang is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Edmond Tsang has over 20 years' experience in the auditing and financial accounting. Mr. Edmond Tsang is currently an independent non-executive director of Unity Investments Holdings Limited (stock code: 00913) whose shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Independent Non-executive Directors

Mr. Chan Cheong Tat (also known as Mr. Roger Chan), aged 60, was appointed as an independent non-executive Director in October 2006. Mr. Roger Chan served in the Inland Revenue Department of the Government of the Hong Kong Special Administrative Region for over 30 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. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and CPA Australia. He 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: 01058) whose shares are listed on the Stock Exchange and managing director of CT Tax Consultants Co., Limited.

Mr. Tang Chiu Ming Frank (also known as Mr. Frank Tang), aged 66, was appointed as an independent non-executive Director in February 2008. Mr. Frank Tang has over 30 years' experience in the jewelry industry and was the founding chairman of The Hong Kong Jewelry Manufacturers' Association. Mr. Frank Tang is currently the chief executive officer of ACCA Jewelry Limited.

Mr. Yu Ming Yang, aged 46, was appointed as an independent non-executive Director in October 2006. Mr. Yu obtained his doctorate in economics from Fudan University in 1996 and has been a professor of Shanghai Jiaotong University since September 2005. Mr. Yu is currently an independent non-executive director of Carpenter Tan Holdings Limited (stock code: 00837) whose shares are listed on the Stock Exchange.

Senior Management

Mr. Sin Lap Poon (also known as Mr. Eddie Sin), aged 37, is the company secretary and senior human resources & administration manager of the Group. He joined the Group in 2004 and is responsible for the Group's human resources, administration and company secretarial matters. Mr. Eddie Sin obtained a master's degree in professional accounting and information systems from the City University of Hong Kong in 2004. Mr. Eddie Sin is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators of the United Kingdom. He has over 10 years' experience in human resources, administration and company secretarial duties.


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Report of the Directors

Directors of the Company are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2010.

Principal Activities

The Group is principally engaged in the design, manufacture and trading of fine jewelry products. The principal activities of the Company's subsidiaries are set out in note 18 to the financial statements.

Results and Dividends

The Group's profit for the year ended 31 March 2010 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 35 to 95 of this Annual Report.

The Board did not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: Nil).

Closure of Register of Members

The register of members will be closed from Wednesday, 25 August 2010 to Friday, 27 August 2010 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the forthcoming annual general meeting to be held on 27 August 2010 (the "Annual General Meeting"), all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 24 August 2010.

Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 96 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 31 to the financial statements and in the consolidated statement of changes in equity, respectively.

Subsidiaries

Particulars of the Group's principal subsidiaries are set out in note 18 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 17 to the financial statements.

Borrowings

Details of the borrowings of the Group are set out in note 24 to the financial statements.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 29 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)*
Mr. Tang Chee Kwong *(Chief Executive Officer)*
Ms. Chan Lai Yung
Mr. Chan Wing Nang
Mr. Lai Wang *(appointed on 1 January 2010)*
Mr. Tsang Wing Ki
Mr. Yu Yip Cheong *(deceased on 24 September 2009)*

Independent Non-executive Directors:
Mr. Chan Cheong Tat
Mr. Tang Chiu Ming Frank
Mr. Yu Ming Yang

In accordance with Article 87 of the articles of association of the Company, Mr. Tang Chee Kwong, Mr. Chan Cheong Tat and Mr. Yu Ming Yang shall retire from office by rotation, being eligible, offer themselves for re-election at the Annual General Meeting.

In accordance with Article 86(3) of the articles of association of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Mr. Lai Wang, having been appointed as Director on 1 January 2010 to fill a casual vacancy, shall retire from office at the Annual General Meeting and, being eligible, offers himself for re-election at the Annual General Meeting.

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

Confirmation of Independence of Independent Non-executive Directors

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

Directors' Service Contracts

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

Directors' Emoluments

Details of the remuneration of the Directors for the year ended 31 March 2010 are set out in note 12 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. Details of the movements of share options granted during the year under review and outstanding as at 31 March 2010 are as follows:

	Number of share options							
	At 1 April 2009	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 March 2010	Exercise period (both dates inclusive)	Exercise price	Closing price immediately before the date of grant
Directors:								
Chan Yuen Hing	100,000	—	—	—	**100,000**	1 February 2010 to 31 January 2012	1.27	1.27
	100,000	—	—	—	**100,000**	1 February 2011 to 31 January 2012	1.27	1.27
Tang Chee Kwong	100,000	—	—	—	**100,000**	1 February 2010 to 31 January 2012	1.27	1.27
	100,000	—	—	—	**100,000**	1 February 2011 to 31 January 2012	1.27	1.27
Chan Lai Yung	100,000	—	—	—	**100,000**	1 February 2010 to 31 January 2012	1.27	1.27
	100,000	—	—	—	**100,000**	1 February 2011 to 31 January 2012	1.27	1.27
Chan Wing Nang	75,000	—	—	—	**75,000**	1 February 2010 to 31 January 2012	1.27	1.27
	75,000	—	—	—	**75,000**	1 February 2011 to 31 January 2012	1.27	1.27
Lai Wang	50,000	—	—	—	**50,000**	1 February 2010 to 31 January 2012	1.27	1.27
	50,000	—	—	—	**50,000**	1 February 2011 to 31 January 2012	1.27	1.27
Tsang Wing Ki	75,000	—	—	—	**75,000**	1 February 2010 to 31 January 2012	1.27	1.27
	75,000	—	—	—	**75,000**	1 February 2011 to 31 January 2012	1.27	1.27
Yu Yip Cheong	100,000	—	—	(100,000)	**—**	1 February 2010 to 31 January 2012	1.27	1.27
	100,000	—	—	(100,000)	**—**	1 February 2011 to 31 January 2012	1.27	1.27
Total Directors	1,200,000	—	—	(200,000)	**1,000,000**			
Employees	865,000	—	—	(135,000)	**730,000**	1 February 2010 to 31 January 2012	1.27	1.27
	865,000	—	—	(135,000)	**730,000**	1 February 2011 to 31 January 2012	1.27	1.27
Total Employees	1,730,000	—	—	(270,000)	**1,460,000**			
Total All Categories	2,930,000	—	—	(470,000)	**2,460,000**			

Directors' Interests in Contracts of Significance

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

Directors' Interests and Short Positions in Shares

As at 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 (the "Shares") as recorded in the register to be kept under Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

Long Positions
Ordinary Shares of HK$0.01 each

Name of Director	Capacity	Number of issued ordinary Shares held (including underlying Shares) *(Note 1)*	Percentage of the issued ordinary share capital of the Company
Mr. Chan Yuen Hing	*(Note 2)*	173,292,000	63.78%
Mr. Tang Chee Kwong	Beneficial owner	5,202,000	1.91%
Ms. Chan Lai Yung	*(Note 3)*	2,802,000	1.03%
Mr. Chan Wing Nang	Beneficial owner	150,000	0.06%
Mr. Lai Wang	Beneficial owner	100,000	0.04%
Mr. Tsang Wing Ki	Beneficial owner	310,000	0.11%

Notes:

(1) The share options granted by the Company to Directors which are outstanding as shown under the section "Share Option Scheme" of this Annual Report have been included in the long positions of respective Directors.

(2) Mr. Chan Yuen Hing had a direct interest of 200,000 Shares which are outstanding share options granted by the Company to subscribe for 200,000 Shares at exercise price of HK$1.27 per Share, 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.

(3) Ms. Chan Lai Yung had a direct interest of 2,800,000 Shares among which, 200,000 Shares are outstanding share options granted by the Company to subscribe for 200,000 Shares at exercise price of HK$1.27 per Share 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.

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

Connected Transactions

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

Substantial Shareholders' Interests and Short Positions in Shares

As at 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 and their associates, the following shareholders have notified the Company of relevant interests in the issued share capital of the Company:

Long Positions
Ordinary Shares of HK$0.01 each

Name of shareholder	Capacity	Number of issued ordinary Shares held	Percentage of the issued ordinary share capital of the Company
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 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 2010 attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	30.6%
— five largest suppliers combined	58.1%
Sales	
— the largest customer	5.3%
— five largest customers combined	19.5%

Save as disclosed in note 34(a) 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 Shares

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed Shares during the year ended 31 March 2010.

Employee Retirement Benefit

Particulars of the retirement scheme of the Group are set out in note 13 to the financial statements.

Corporate Governance

A report on the principal corporate governance practice adopted by the Company is set out in pages 27 to 32 of this 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 Annual Report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Directors' Interests in Competing Business

Mr. Tang Chiu Ming Frank is the chief executive officer of ACCA Jewelry Limited. ACCA Jewelry Limited is a renowned manufacturer and exporter with experience in the international jewelry market including the US, Europe, Japan, South East Asia and China. Mr. Tang Chiu Ming Frank is therefore regarded as being interested in a competing business of the Group.

Mr. Tang Chiu Ming Frank, being an independent non-executive Director of the Company, is not involved in the daily operations of the Company. As such, the Directors consider that the management of the Company and ACCA Jewelry Limited are separate and distinct and the Group is capable of carrying on its business independent of, and at arms length from ACCA Jewelry Limited.

Save as disclosed as aforesaid, 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 and Ms. Chan Lai Yung 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 dated 30 March 2007.

Significant Events After the Reporting Period

Details of significant events after the reporting period are set out in note 38 to the financial statements.

Auditor

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

On behalf of the Board

Chan Yuen Hing
Chairman

Hong Kong, 23 July 2010

Corporate Governance Report

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

Corporate Governance Practices

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules. The Company has applied the principles and compiled with all the applicable code provisions set out in the Code throughout the year ended 31 March 2010 except for the following deviation.

Under provision E.1.2 of the Code, the chairman of the Board (the "Chairman") should attend the Company's annual general meeting. Owing to another business engagement, Mr. Chan Yuen Hing, the Chairman, was unable to attend the Company's annual general meeting held on 28 August 2009. Mr. Tang Chee Kwong, chief executive officer of the Company who was present at the annual general meeting, chaired the meeting in accordance with the articles of association of the Company.

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

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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, they confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2010.

Board of Directors

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

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 Composition

As at the date of this Annual Report, the Board comprises nine Directors, including six executive Directors, namely, Mr. Chan Yuen Hing, Mr. Tang Chee Kwong, Ms. Chan Lai Yung, Mr. Chan Wing Nang, Mr. Lai Wang and Mr. Tsang Wing Ki and three independent non-executive Directors, namely, Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang. Biographical details of the Directors are set out under the section headed "Directors and Senior Management" on pages 17 to 18 of this Annual Report.

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. One-third of the members of the Board are independent non-executive Directors.

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

Ms. Chan Lai Yung is the elder sister of Mr. Chan Yuen Hing. Save as disclosed herein, 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.

Board Meetings

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

Name	Number of meeting held while being a Director	Number of meeting attended
Executive Directors		
Mr. Chan Yuen Hing	4	4
Mr. Tang Chee Kwong	4	4
Ms. Chan Lai Yung	4	4
Mr. Chan Wing Nang	4	4
Mr. Lai Wang (appointed on 1 January 2010)	1	1
Mr. Tsang Wing Ki	4	4
Mr. Yu Yip Cheong (deceased on 24 September 2009)	2	2
Independent non-executive Directors		
Mr. Chan Cheong Tat	4	4
Mr. Tang Chiu Ming Frank	4	4
Mr. Yu Ming Yang	4	4

Delegation by the Board

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

Audit Committee

The Audit Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Audit Committee conforms to the code provision requirements of the Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang. Mr. Chan Cheong Tat is the chairman of the Audit Committee and possesses financial management expertise.

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

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

Name	Number of meeting held while being an audit committee member	Number of meeting attended
Mr. Chan Cheong Tat	2	2
Mr. Tang Chiu Ming Frank	2	2
Mr. Yu Ming Yang	2	2

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

1. Reviewed with the management and external auditor of the Company the accounting principles and practices adopted by the Group, the audited financial statements for the year ended 31 March 2009, the effectiveness of the system of internal control of the Company and recommended them to the Board for review and approval;

2. Reviewed with the management of the Company the accounting principles and practices adopted by the Group, discussed the unaudited interim financial statements for the six months ended 30 September 2009 and recommended them to the Board for review and approval;

3. Reviewed with the management of the Company the accounting principles and practices adopted by the Group for the year ending 31 March 2010; and

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

Remuneration Committee

The Remuneration Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Remuneration Committee conforms to the code provision requirements of the Code. The Remuneration Committee comprises Mr. Tang Chee Kwong, as chairman, Mr. Chan Cheong Tat and Mr. Yu Ming Yang.

The Remuneration Committee was set up for the purpose of reviewing and making recommendations to the Board on the remuneration structure for all Directors and senior management of the Group. The annual emoluments payable to Directors were recommended by the Remuneration Committee, with a view to recruit and retain high-calibre personnel that are valuable to the Group, by making reference to the experience, responsibilities and duties as well as the prevailing market conditions. Details of Directors' remuneration for the year ended 31 March 2010 is set out in note 12 to the financial statements.

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

Name	Number of meeting held while being a remuneration committee member	Number of meeting attended
Mr. Tang Chee Kwong	2	2
Mr. Chan Cheong Tat	2	2
Mr. Yu Ming Yang	2	2

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

1. Determined the remuneration of the Directors.

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

During the year, one meeting was held and the attendance of each member is set out as follows:

Name	Number of meeting held while being a nomination committee member	Number of meeting attended
Mr. Tang Chee Kwong	1	1
Mr. Chan Cheong Tat	1	1
Mr. Yu Ming Yang	1	1

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

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

2. Recommended to the Board the re-appointment of Mr. Chan Yuen Hing, Ms. Chan Lai Yung and Mr. Yu Yip Cheong as executive Directors; and

3. Recommended to the Board the appointment of Mr. Lai Wang as executive Director based on his experience and the composition of the existing Board.

Internal Control

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

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

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

Directors' and Auditor's Acknowledgement

Directors acknowledge their responsibilities for the preparation of financial statements for the year under review, which give a true and fair view of the state of affairs of the Group at the end of the year under review and of the results and cash flow for that year. The statement issued by the auditor of the Company regarding its reporting responsibilities was set out in detail in the Independent Auditor's Report on pages 33 to 34 of this Annual Report.

Management Function

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

Auditor's Remuneration

Analysis of remuneration in respect of audit and non-audit service provided by the external auditor, BDO Limited, for the year ended 31 March 2010 is as follows:

Nature of services	**Amount HK$'000**
Audit services	940
Non-audit services — Interim Review	35
Non-audit service — Others *(Note)*	110
	1,085

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

Independent Auditor's Report

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TO THE SHAREHOLDERS OF
NOBLE JEWELRY HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Noble Jewelry Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 95, which comprise the consolidated and company statements of financial position as at 31 March 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 of the Group as at 31 March 2010 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.

BDO Limited
Certified Public Accountants

Ng Wai Man
Practising Certificate Number P05309

Hong Kong, 23 July 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Turnover	6	**521,328**	631,947
Cost of sales		**(383,409)**	(484,346)
Gross profit		**137,919**	147,601
Other revenue	6	**2,454**	3,657
Distribution costs		**(35,942)**	(35,254)
Administrative expenses		**(90,603)**	(109,378)
Other gains and losses	7	**(200)**	15,429
Finance costs	9	**(5,371)**	(10,315)
Share of losses of associates, net		**(336)**	(6,141)
Profit before income tax	8	**7,921**	5,599
Income tax expense	10	**(4,870)**	(4,269)
Profit for the year		**3,051**	1,330
Other comprehensive income			
Exchange differences on translating foreign operations		**812**	1,307
Amounts reclassified to initial carrying amount of hedged items		**—**	4,327
Other comprehensive income for the year		**812**	5,634
Total comprehensive income for the year		**3,863**	6,964
Profit attributable to:			
— Owners of the Company		**3,140**	1,330
— Minority interests		**(89)**	—
		3,051	1,330
Total comprehensive income attributable to:			
— Owners of the Company		**3,952**	6,964
— Minority interests		**(89)**	—
		3,863	6,964
Earnings per share attributable to owners of the Company			
Basic and diluted (HK cents)	16	**1.16**	0.49

Consolidated Statement of Financial Position

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Assets and liabilities			
Non-current assets			
Property, plant and equipment	17	51,240	49,004
Associates	19	63,510	62,874
Deposits		1,026	1,257
Other assets	20	2,110	—
Deferred tax assets	28	1,041	1,105
		118,927	114,240
Current assets			
Inventories	21	264,181	250,615
Accounts receivable	22	103,683	107,255
Other receivables, deposits and prepayments		28,803	15,756
Amounts due from related parties	34(c)	20,747	8,700
Cash at banks and in hand	23	27,461	14,344
		444,875	396,670
Current liabilities			
Bank borrowings	24	129,761	137,262
Accounts payable	25	112,350	47,461
Other payables and accrued charges		45,636	43,681
Amounts due to related parties	34(c)	1,066	4,363
Obligations under finance leases	26	40	119
Derivative financial instruments	27	120	—
Tax payables		1,331	806
		290,304	233,692
Net current assets		154,571	162,978
Total assets less current liabilities		273,498	277,218

	Notes	2010 HK$'000	2009 HK$'000
Total assets less current liabilities		**273,498**	277,218
Non-current liabilities			
Bank borrowings	*24*	**14,408**	22,851
Obligations under finance leases	*26*	**—**	40
		14,408	22,891
NET ASSETS		**259,090**	254,327
Equity			
Share capital	*29*	**2,717**	2,717
Reserves	*31*	**255,562**	251,610
Equity attributable to owners of the Company		**258,279**	254,327
Minority interests		**811**	—
TOTAL EQUITY		**259,090**	254,327

These financial statements were approved and authorised for issue by the board of directors on 23 July 2010.

Chan Yuen Hing
Director

Tang Chee Kwong
Director

Statement of Financial Position

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Assets and liabilities			
Non-current assets			
Interests in subsidiaries	*18*	**231,342**	231,430
Current assets			
Cash at banks and in hand		**131**	132
Current liabilities			
Other payables and accrued charges		**239**	40
Net current (liabilities)/assets		**(108)**	92
NET ASSETS		**231,234**	231,522
Equity			
Share capital	*29*	**2,717**	2,717
Reserves	*31*	**228,517**	228,805
TOTAL EQUITY		**231,234**	231,522

These financial statements were approved and authorised for issue by the board of directors on 23 July 2010.

Chan Yuen Hing
Director

Tang Chee Kwong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Attributable to owners of the Company										
	Share capital HK$'000	**Share premium** HK$'000	**Merger reserve** HK$'000	**Capital reserve** HK$'000	**Property revaluation reserve** HK$'000	**Exchange reserve** HK$'000	**Hedging reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total** HK$'000
At 1 April 2008	2,717	79,836	1,593	1,445	31,634	6,318	(4,327)	149,883	269,099	—	269,099
Total comprehensive income for the year	—	—	—	—	—	1,307	4,327	1,330	6,964	—	6,964
Transfer between reserves	—	—	—	—	(31,634)	—	—	31,634	—	—	—
Dividends paid *(note 15)*	—	—	—	—	—	—	—	(21,736)	(21,736)	—	(21,736)
At 31 March 2009	2,717	79,836	1,593	1,445	—	7,625	—	161,111	254,327	—	254,327
Total comprehensive income for the year	—	—	—	—	—	812	—	3,140	3,952	(89)	3,863
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	900	900
At 31 March 2010	2,717	79,836	1,593	1,445	—	8,437	—	164,251	258,279	811	259,090

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
Cash flows from operating activities		
Profit before income tax	7,921	5,599
Adjustments for:		
Share of losses of associates, net	336	6,141
Depreciation of property, plant and equipment	5,709	5,309
Impairment of other intangible assets	—	2,697
Provision for bad and doubtful debts, net	4,524	2,094
Write-down/(reversal of write-down) of inventories	139	(270)
Gain on disposal of leasehold land and buildings reclassified as held for sale	—	(13,406)
Loss/(gain) on disposal of property, plant and equipment	8	(1,238)
Gain on disposal of a subsidiary	—	(5)
Write-off of amounts due from related parties	548	—
Net fair value losses of forward foreign currency contracts and interest rate swap contract not qualifying as hedges	120	—
Interest income	(64)	(537)
Interest expenses	3,777	7,415
Operating cash flows before working capital	23,018	13,799
(Increase)/decrease in inventories	(13,968)	56,387
(Increase)/decrease in accounts receivable	(952)	27,088
(Increase)/decrease in other receivables, deposits and prepayments	(13,047)	745
(Increase)/decrease in amounts due from related parties	(12,595)	3,909
Increase/(decrease) in accounts payable	64,889	(91,830)
Increase/(decrease) in other payables and accrued charges	1,955	(3,855)
Decrease in amounts due to related parties	(3,297)	(524)
Effect of change in foreign exchange rate	(110)	3,881
Cash generated from operations	45,893	9,600
Income tax paid	(4,281)	(7,399)
Interest element of finance lease payments	(13)	(13)
Interest paid	(3,764)	(7,402)
Net cash generated from/(used in) operating activities	37,835	(5,214)

	2010 HK$'000	2009 HK$'000
Cash flows from investing activities		
Proceeds from disposal of leasehold land and buildings reclassified as held for sale	**—**	60,175
Proceeds from disposal of property, plant and equipment	**44**	4,062
Payments to acquire property, plant and equipment	**(7,536)**	(14,613)
Payments for acquisition of other assets	**(2,110)**	—
Capital contribution from minority shareholders	**900**	—
Payments for acquisition of an associate	**—**	(32,642)
Payments for investment in associates	**—**	(5,728)
Deposits paid for acquisition of non-current assets	**—**	(1,257)
Disposal of a subsidiary	**—**	10
Interest received	**64**	537
Net cash (used in)/generated from investing activities	**(8,638)**	10,544
Cash flows from financing activities		
Increase/(decrease) in trust receipts and other loans	**5,197**	(42,864)
Release of pledged bank deposits	**—**	1,098
Repayment of finance lease obligations	**(119)**	(119)
New bank loans raised	**66,487**	128,175
Repayment of bank loans	**(81,180)**	(94,685)
Dividends paid	**—**	(21,736)
Net cash used in financing activities	**(9,615)**	(30,131)
Net increase/(decrease) in cash and cash equivalents	**19,582**	(24,801)
Effect of change in foreign exchange rate	**(17)**	(138)
Cash and cash equivalents at beginning of year	**7,887**	32,826
Cash and cash equivalents at end of year	**27,452**	7,887
Analysis of the balances of cash and cash equivalents		
Cash at banks and in hand	**27,461**	14,344
Less: Bank overdrafts	**(9)**	(6,457)
	27,452	7,887

Notes to the Financial Statements

1. General

Noble Jewelry Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability on 25 August 2006 under the Companies Law of the Cayman Islands and acts as an investment company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report. The principal activities of its subsidiaries are set out in note 18.

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

(a) Adoption of new and revised HKFRSs

The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Interpretation 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) — Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Interpretation 18	Transfers of Assets from Customers

The adoption of the above new/revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods, except for the following changes:-

HKAS 1 (Revised) "Presentation of Financial Statements"

The revised standard affects certain disclosures of financial statements. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statement are renamed as the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows respectively. All income and expenses arising from transactions with non-owners are presented under the Statement of Comprehensive Income; while the owners' changes in equity are presented under the Statement of Changes in Equity.

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

(a) Adoption of new and revised HKFRSs (Continued)

HKFRS 8 "Operating Segments"

HKFRS 8 replaces HKAS 14 "Segment Reporting, and requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to the chief operating decision-maker as required by HKFRS 8, there are no changes to the operating segments and the relevant segment information on the adoption of HKFRS 8.

HKFRS 7 (Amendments) "Improving Disclosures about Financial Instruments"

The amendments to HKFRS 7 expand the disclosure relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision.

(b) Potential impact arising on HKFRSs not yet effective

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
4 Effective for annual periods beginning on or after 1 January 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

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

(b) Potential impact arising on HKFRSs not yet effective (Continued)

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. Basis of Preparation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for derivative financial instruments, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

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

4. Significant Accounting Policies

(a) Basis of consolidation

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

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

All intra-group transactions, balances, income, expenses and unrealised gains on transactions between group entities 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.

4. Significant Accounting Policies (Continued)

(a) Basis of consolidation (Continued)

Minority interests represent the portion of profit or loss and net assets of subsidiaries attributable to equity interests that are not owned directly or indirectly through subsidiaries, by the Company. Minority interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Minority interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss for the year between minority interests and the owners of the Company.

(b) Subsidiaries

A subsidiary is an entity in which the Group has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from its 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 statement of financial position at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Associates

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

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

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

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

4. Significant Accounting Policies (Continued)

(d) Property, plant and equipment

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

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

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

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

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

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

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

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

4. Significant Accounting Policies (Continued)

(d) Property, plant and equipment (Continued)

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

(e) Impairment of assets

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, 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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Inventories

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

4. Significant Accounting Policies (Continued)

(g) Financial instruments

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

(i) Financial assets

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

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

4. Significant Accounting Policies (Continued)

(g) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)
If any such evidence exists, any impairment loss determined and recognised as follows:

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

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

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

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

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

4. Significant Accounting Policies (Continued)

(g) Financial instruments (Continued)

(i) Financial assets (Continued)

Derecognition of financial assets

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

(ii) Financial liabilities and equity

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

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

Equity instruments

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

Financial liabilities

Financial liabilities, including accounts and other payables and borrowings, are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Derecognition of financial liabilities

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

4. Significant Accounting Policies (Continued)

(h) Derivative financial instruments

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

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

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

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, in respect of foreign currency risk. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' in the consolidated statement of comprehensive income.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain and loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

(i) Leases

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

4. Significant Accounting Policies (Continued)

(i) Leases (Continued)

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

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

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

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

(j) Provisions and contingent liabilities

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

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

(k) Taxation

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

(i) Current tax

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

4. Significant Accounting Policies (Continued)

(k) Taxation (Continued)

(ii) Deferred tax

Deferred tax liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial 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) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Taxation rates enacted or substantively enacted by the end of reporting period are used to determine deferred taxation.

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

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

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

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

(l) 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.

4. Significant Accounting Policies (Continued)

(l) Foreign currencies (Continued)

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

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, on consolidation, these exchange differences are reclassified to equity under exchange reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollars using exchange rates prevailing on the end of reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under exchange reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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

(m) Employees' benefits

(i) Short term benefits

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

(ii) Pension obligations

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

4. Significant Accounting Policies (Continued)

(n) Share-based payments

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

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

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

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

(o) Borrowing costs

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

(p) Related parties

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

(q) Revenue recognition

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

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

4. Significant Accounting Policies (Continued)

(q) Revenue recognition (Continued)

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

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

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

(a) Useful lives of property, plant and equipment

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

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

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

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

(c) Impairment of accounts and other receivables

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

(d) Sales return provision

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

(e) Assessment of impairment of assets

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

6. Turnover, Other Revenue and Segment Information

(a) Turnover represents the invoiced value of goods sold less returns and discounts.

Revenues recognised during the year are analysed as follows:

	2010 **HK$'000**	2009 HK$'000
Turnover		
Sales	**521,328**	631,947
Other revenue		
Sundry income	**1,980**	1,398
Management fee income	**333**	357
Income from sale of raw materials	**77**	1,365
Bank interest income	**64**	537
	2,454	3,657
Total revenue	**523,782**	635,604

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

(b) Business segments

The Group principally operates in one business segment, which is the design, manufacture and trading of fine jewelry products.

(c) Geographical information

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

	2010 HK$'000	2009 HK$'000
i) Turnover		
— Europe	**163,326**	173,598
— The Middle East	**136,486**	207,971
— America	**84,079**	104,057
— Others	**58,902**	36,464
— The People's Republic of China, other than Hong Kong ("PRC")	**41,083**	58,043
— Japan	**27,047**	30,889
— Hong Kong	**10,405**	20,925
	521,328	631,947
ii) Additions to property, plant and equipment		
— PRC	**6,621**	21,923
— America	**806**	120
— Hong Kong	**336**	50
— Others	**4**	—
	7,767	22,093
iii) Segment assets		
— Hong Kong	**335,359**	301,754
— PRC	**127,553**	112,130
— America	**58,921**	63,417
— Europe	**35,172**	30,511
— Japan	**5,657**	1,919
— The Middle East	**99**	74
	562,761	509,805

(d) Information about major customers

In 2009 and 2010, none of the customers had entered into transactions exceeding 10% of the Group's revenues.

7. Other Gains and Losses

	2010 HK$'000	2009 HK$'000
Net fair value losses on derivative financial instruments:		
Forward foreign currency contracts and interest rate swap contract that do not qualify as hedges	**(120)**	—
Gain on settlement of forward foreign currency contracts upon maturity	**397**	575
Gain on disposal of leasehold land and buildings reclassified as held for sale	**—**	13,406
(Loss)/gain on disposal of property, plant and equipment	**(8)**	1,238
Write-off of amounts due from related parties	**(548)**	—
Gain on disposal of a subsidiary	**—**	5
Others	**79**	205
	(200)	15,429

8. Profit Before Income Tax

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

	2010 HK$'000	2009 HK$'000
Cost of inventories expensed *(note 21)*	**383,409**	484,346
Depreciation of property, plant and equipment	**5,709**	5,309
Staff costs (including directors' remuneration) *(note 11)*	**84,538**	108,793
Auditor's remuneration	**1,415**	1,201
Provision for bad and doubtful debts, net	**4,524**	2,094
Impairment of other intangible assets	**—**	2,697
Exchange (gains)/losses, net	**(756)**	8,782
Bad debts written off	**85**	4,491

9. Finance Costs

	2010 HK$'000	2009 HK$'000
Interest on bank borrowings wholly repayable within five years	**3,764**	7,402
Finance lease charges	**13**	13
Bank charges	**1,594**	2,900
	5,371	10,315

10. Income Tax Expense

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

	2010 HK$'000	2009 HK$'000
Current tax — Hong Kong profits tax		
— provision for the year	**2,955**	3,365
— under provision in respect of prior years	**283**	419
Current tax — overseas		
— provision for the year	**56**	216
— under provision in respect of prior years	**1,512**	468
	4,806	4,468
Deferred tax *(note 28)*		
— attributable to the origination and reversal of temporary differences	**64**	(199)
	4,870	4,269

(i) *Hong Kong profits tax*

Hong Kong profits tax is calculated at 16.5% (2009: 16.5%) on the estimated assessable profits for the year.

(ii) *PRC enterprise income tax*

Guangzhou Sinoble Jewelry Limited is a wholly foreign-owned enterprise operated in the PRC with applicable tax rate at 25%. It is entitled to two-year tax exemption for 2009 and 2010 and three-year 50% tax relief for 2011 to 2013.

Guangzhou Noble Jewelry Limited and Shanghai Noble Concepts Jewelry Limited are wholly foreign-owned enterprises operated in the PRC with applicable tax rate at 25%.

(iii) *Overseas income tax*

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

(iv) *Tax effect of share of losses of associates*

The share of tax charge attributable to associates amounting to HK$1,165,000 (2009: HK$40,000) and is included in "Share of losses of associates, net" on the face of the consolidated statement of comprehensive income.

10. Income Tax Expense (Continued)

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

	2010 **HK$'000**	2009 HK$'000
Profit before income tax	**7,921**	5,599
Calculated at tax rate of 16.5% (2009:16.5%)	**1,307**	924
Tax effect on offshore income and expenditures not subject to Hong Kong profits tax	**(2,634)**	(5,183)
Tax effect of expenses not deductible for taxation purposes	**238**	2,889
Tax effect of non-taxable items	**97**	(94)
Tax exemption	**—**	(718)
Tax effect of share of losses of associates	**55**	1,033
Tax effect on unused tax losses not recognised	**3,594**	4,278
Effect of different tax rates of subsidiaries operating in other jurisdictions	**567**	24
Under provision in prior years	**1,795**	887
Others	**(149)**	229
Income tax expense	**4,870**	4,269

11. Staff Costs

	2010 **HK$'000**	2009 HK$'000
Staff costs (including directors) comprise:		
Wages and salaries	**80,850**	102,669
Pension contributions *(note 13)*	**470**	735
Social security costs *(note 13)*	**3,218**	5,389
	84,538	108,793

12. Emoluments of Directors and Highest Paid Individuals

(a) Directors' emoluments

Year ended 31 March 2010

	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Bonus* HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors					
Chan Yuen Hing	—	7,229	—	12	7,241
Tang Chee Kwong	—	2,040	50	12	2,102
Chan Lai Yung	—	515	—	12	527
Yu Yip Cheong (i)	—	360	—	5	365
Chan Wing Nang	—	1,041	85	12	1,138
Tsang Wing Ki	—	675	55	12	742
Lai Wang (ii)	—	155	—	2	157
Sub-total	—	12,015	190	67	12,272
Independent non-executive directors					
Chan Cheong Tat	150	—	—	—	150
Yu Ming Yang	100	—	—	—	100
Tang Chiu Ming Frank	100	—	—	—	100
Sub-total	350	—	—	—	350
Total	350	12,015	190	67	12,622

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

(a) Directors' emoluments (Continued)

Year ended 31 March 2009

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

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

(i) Deceased on 24 September 2009.

(ii) Appointed on 1 January 2010.

(iii) Appointed on 15 August 2008.

(iv) Retired on 15 August 2008.

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 2010 and 2009.

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

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, four (2009: four) were directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments of the remaining individual (2009: one) were as follows:

	2010 **HK$'000**	2009 HK$'000
Wages and salaries	**1,342**	1,629
Pension contributions	**12**	12
	1,354	1,641

The emolument was within the following bands:

	2010 **No. of** **employees**	2009 No. of employees
Nil–HK$1,000,000	**—**	—
HK$1,000,001–HK$1,500,000	**1**	—
HK$1,500,001–HK$2,000,000	**—**	1
	1	1

(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 years ended 31 March 2010 and 2009.

13. Employee Retirement Benefit

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

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

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

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

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

14. Profit Attributable to Owners of the Company

The consolidated profit attributable to owners of the Company includes a loss of HK$288,000 (2009: loss of HK$4,000) which has been dealt with in the financial statements of the Company.

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

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

15. Dividends

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

	2010 HK$'000	2009 HK$'000
Interim dividend declared and paid of HK$Nil (2009: HK$0.02) per ordinary share	—	5,434

The board of directors did not recommend the payment of a final dividend for the years ended 31 March 2010 and 2009.

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

	2010 HK$'000	2009 HK$'000
Final dividend in respect of the previous year, approved and paid during the year, of HK$Nil (2009: HK$0.06) per ordinary share	—	16,302

16. Earnings Per Share

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

	2010	2009
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share calculation	HK$3,140,000	HK$1,330,000
Weighted average number of ordinary shares for the purpose of basic earnings per share	271,700,000	271,700,000

As the Company has no dilutive potential ordinary shares, the basic and diluted earnings per share for the respective years are equal.

17. Property, Plant and Equipment

The Group	Leasehold land and buildings HK$'000	Furniture, fixtures and machinery HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:					
At 1 April 2008	23,187	44,477	8,919	2,945	79,528
Additions	11,778	2,947	7,192	176	22,093
Disposals	(2,950)	(309)	(16)	—	(3,275)
Exchange adjustments	403	99	(7)	31	526
At 31 March 2009	32,418	47,214	16,088	3,152	98,872
Additions	—	3,916	3,851	—	7,767
Disposals	—	(47)	(32)	—	(79)
Exchange adjustments	156	45	52	9	262
At 31 March 2010	32,574	51,128	19,959	3,161	106,822
Accumulated depreciation:					
At 1 April 2008	412	36,284	7,689	619	45,004
Charge for the year	1,259	3,079	233	738	5,309
Written back on disposal	(310)	(140)	(1)	—	(451)
Exchange adjustments	1	20	(19)	4	6
At 31 March 2009	1,362	39,243	7,902	1,361	49,868
Charge for the year	1,335	2,870	861	643	5,709
Written back on disposal	—	(15)	(12)	—	(27)
Exchange adjustments	11	12	5	4	32
At 31 March 2010	2,708	42,110	8,756	2,008	55,582
Net carrying amount:					
At 31 March 2010	29,866	9,018	11,203	1,153	51,240
At 31 March 2009	31,056	7,971	8,186	1,791	49,004

17. Property, Plant and Equipment (Continued)

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

	Leasehold land and buildings HK$'000	Furniture, fixtures and machinery HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Basis of book value as at 31 March 2010:					
2006 professional valuation	**2,048**	**—**	**—**	**—**	**2,048**
Cost	**30,526**	**51,128**	**19,959**	**3,161**	**104,774**
	32,574	**51,128**	**19,959**	**3,161**	**106,822**
Basis of book value as at 31 March 2009:					
2006 professional valuation	2,048	—	—	—	2,048
Cost	30,370	47,214	16,088	3,152	96,824
	32,418	47,214	16,088	3,152	98,872

(b) Since the land lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payment is included in the cost of leasehold land and buildings as a finance lease in property, plant and equipment.

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

(d) Revaluation of the building 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 this building been carried at cost less accumulated depreciation, its carrying amount would have been HK$1,843,000 (2009: HK$1,864,000).

(e) At 31 March 2010, one of the Group's buildings with carrying amount of HK$10,287,000 was pledged to secure a bank facility (2009: Nil) (note 24).

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

At the end of the reporting period, the net carrying amount of motor vehicles held under finance leases of the Group was HK$269,000 (2009: HK$564,000). The related depreciation charge was HK$294,000 (2009: HK$294,000).

18. Interests in Subsidiaries

	The Company 2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	**148,516**	148,516
Amounts due from subsidiaries, net	**82,826**	82,914
	231,342	231,430

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

Details of the principal subsidiaries as at 31 March 2010 are as follows:

Name	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company directly	Attributable equity interest held by the Company 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$26,000,000	—	100%	Processing of jewelry
NJUK Limited	United Kingdom 23 January 2001	United Kingdom	£1	—	100%	Trading of jewelry
Topwin Trading Limited	Hong Kong 15 April 2005	Hong Kong	HK$2	—	100%	Trading of jewelry
Chad Allison Corporation	The State of Delaware, the U.S. 24 March 2006	U.S.	US$2,000	—	100%	Design and trading of jewelry

18. Interests in Subsidiaries (Continued)

Name	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company directly	indirectly	Principal activities
Noble Jewelry Limited	The State of New York, the U.S. 20 September 2005	U.S.	US$100,000	—	100%	Trading of jewelry
Farwin Limited	Hong Kong 22 June 2001	India	HK$10,000	—	100%	Acting as purchase agent
廣州億恒珠寶有限公司* (Guangzhou Sinoble Jewelry Limited)	PRC 17 October 2006	PRC	HK$54,500,000	—	100%	Manufacture and trading of jewelry
上海億炫珠寶有限公司* (Shanghai Noble Concepts Jewelry Limited)	PRC 4 December 2008	PRC	RMB3,000,000	—	100%	Design and trading of jewelry
N.A. Marketing Limited	The State of Texas, the U.S. 6 May 2009	U.S.	US$3,500	—	70%	Trading of Jewelry

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

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

19. Associates

	The Group	
	2010	2009
	HK$'000	HK$'000
Share of net assets of associates	**30,536**	30,069
Goodwill on acquisition *(note (a))*	**32,974**	32,805
	63,510	62,874

Particulars of the principal associates as at 31 March 2010, all of which are unlisted corporate entities are as follows:

Name	Place of incorporation and operations	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
Shanghai Chenghuang Jewellery Limited* ("上海城隍珠寶有限公司") ("Chenghuang Jewellery")	PRC	20%	Operation of a flagship mall and retail outlets

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

* For identification only

19. Associates (Continued)

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

(a) For the year ended 31 March 2009, the Group acquired 20% equity interests in Chenghuang Jewellery (the "Acquisition"). Chenghuang Jewellery is engaged in the operation of a flagship mall and retail outlets. Goodwill arising from this Acquisition amounted to HK$32,974,000 (2009: HK$32,805,000).

During the year, the directors reviewed the carrying amounts of the cash-generating unit of Chenghuang Jewellery's business. The recoverable amount of the cash-generating unit was estimated on a value in use basis using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projection is 12% (2009: 12%).

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

	2010 HK$'000	2009 HK$'000
Total assets	**281,164**	251,783
Total liabilities	**(148,214)**	(121,077)
Net assets	**132,950**	130,706
Revenue	**432,609**	505,523
Profit/(loss) for the year	**11,245**	(663)

20. Other Assets

	2010 **HK$'000**	2009 HK$'000
Cash surrender value of life insurance contract	**2,110**	—

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

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

21. Inventories

	The Group	
	2010 **HK$'000**	2009 HK$'000
Raw materials	**74,622**	60,731
Work in progress	**32,210**	20,101
Finished goods	**157,349**	169,783
	264,181	250,615

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

	The Group	
	2010 **HK$'000**	2009 HK$'000
Carrying amount of inventories sold	**383,270**	484,616
Write-down/(reversal of write-down) of inventories	**139**	(270)
	383,409	484,346

In 2009, the Group reversed HK$270,000 of a previous inventory write-down in 2006/07. The Group has used the above inventories that were written down in manufacturing process.

22. Accounts Receivable

	The Group	
	2010	2009
	HK$'000	HK$'000
Accounts receivable	**114,023**	113,069
Less: Allowance for bad and doubtful debts	**(10,340)**	(5,814)
	103,683	107,255

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

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

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

	2010	2009
	HK$'000	HK$'000
Within 1 month	**32,678**	30,026
Over 1 month but within 3 months	**37,670**	25,209
Over 3 months but within 6 months	**21,856**	27,315
Over 6 months but within 1 year	**10,301**	23,331
Over 1 year	**1,178**	1,374
	103,683	107,255

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

	2010	2009
	HK$'000	HK$'000
At 1 April	**5,814**	4,580
Impairment loss recognised, net	**4,524**	2,094
Bad debts written off	**—**	(849)
Exchange adjustment	**2**	(11)
At 31 March	**10,340**	5,814

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

22. Accounts Receivable (Continued)

(d) (Continued)

Except for the above, a provision of HK$3,831,000 (2009: HK$2,597,000) has been made for estimated irrecoverable amounts from the sale of goods. This provision has been determined by reference to past default experience.

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

	2010 HK$'000	2009 HK$'000
Neither past due nor impaired	**41,714**	35,818
Past due within 1 month	**7,179**	11,613
Past due over 1 month but within 3 months	**1,123**	2,762
Past due over 3 months but within 6 months	**2,912**	9,351
Past due over 6 months but within 1 year	**271**	908
	11,485	24,634
	53,199	60,452

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

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

(g) At 31 March 2010, the Group's accounts receivable of HK$173,000 (2009: HK$1,538,000) were discounted to a bank with recourse. The Group continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as a secured borrowing.

23. Cash at Banks and in Hand

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

	2010 **HK$'000**	2009 HK$'000
U.S. dollars	**11,029**	5,094
British Pounds	**2,827**	947
Renminbi	**4,571**	3,769

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

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

24. Bank Borrowings

	The Group	
	2010 **HK$'000**	2009 HK$'000
Bank overdrafts — secured	**9**	6,457
Bank loans — secured	**43,963**	58,656
Discounted bills with recourse — secured	**173**	1,538
Trust receipts and export loans — secured	**100,024**	93,462
	144,169	160,113

24. Bank Borrowings (Continued)

The borrowings are repayable as follows:

	2010 HK$'000	2009 HK$'000
On demand or within 1 year	**129,761**	137,262
After 1 year but within 2 years	**12,075**	9,726
After 2 years but within 5 years	**2,333**	13,125
	144,169	160,113
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**(129,761)**	(137,262)
Amounts due for settlement after 12 months	**14,408**	22,851

The Group's banking facilities amounting to HK$315,420,000 (2009: HK$308,733,000), of which HK$144,160,000 (2009: HK$160,112,000) has been utilised as at the end of reporting period.

A banking facility is secured by the pledge of one of the Group's buildings with carrying amount of HK$10,287,000 (2009: Nil) (note 17).

Bank borrowings of the Group as at 31 March 2010 and 2009 were secured by certain corporate guarantees provided by the Company.

The maturity date of the discounted bills with recourse is within 3 to 6 months from inception date of the discounted bills.

25. Accounts Payable

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

	The Group	
	2010 HK$'000	2009 HK$'000
Within 1 month	**35,654**	8,555
Over 1 month but within 3 months	**39,628**	3,896
Over 3 months but within 6 months	**34,300**	20,989
Over 6 months	**2,768**	14,021
	112,350	47,461

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

26. Obligations Under Finance Leases

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

Future lease payments are due as follows:

At 31 March 2010	**Minimum lease payments HK$'000**	**Interest HK$'000**	**Present value HK$'000**
Not later than 1 year	**44**	**4**	**40**

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

The present value of future lease payments are analysed as:

	2010 HK$'000	2009 HK$'000
Current liabilities	**40**	119
Non-current liabilities	**—**	40
	40	159

27. Derivative Financial Instruments

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

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

In addition, the Group has entered into various forward foreign currency contracts to manage its exchange rates exposures which did not meet the criteria for hedge accounting. Changes in the fair value of non-hedging currency derivatives amounting to gain of HK$74,000 were charged to profit or loss during the year (2009: Nil).

28. Deferred Tax

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

	2010	2009
	HK$'000	HK$'000
At 1 April	**1,105**	1,824
(Charge)/credit to profit or loss *(note 10)*	**(64)**	199
Debit to equity on cash flow hedges	**—**	(918)
At 31 March	**1,041**	1,105

28. Deferred Tax (Continued)

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

Deferred tax liabilities	**Decelerated/ (accelerated) tax depreciation** HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 April 2008	(282)	(193)	(475)
Credit to profit or loss	219	193	412
At 31 March 2009	(63)	—	(63)
Credit to profit or loss	63	—	63
At 31 March 2010	—	—	—

Deferred tax assets	**Decelerated tax depreciation** HK$'000	**Provision** HK$'000	**Cash flow hedges** HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 April 2008	—	267	918	1,114	2,299
Charge to profit or loss	—	—	—	(213)	(213)
Debit to equity	—	—	(918)	—	(918)
At 31 March 2009	—	267	—	901	1,168
Charge to profit or loss	96	—	—	(223)	(127)
At 31 March 2010	96	267	—	678	1,041

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

	2010 **HK$'000**	2009 HK$'000
Deferred tax assets	**1,041**	1,168
Deferred tax liabilities	**—**	(63)
	1,041	1,105

(d) The Group has unused tax losses arising in the U.S. of US$5,760,000 (2009: US$3,276,000) that can be carried forward for offsetting against its future taxable profits.

No deferred tax assets have been recognised (2009: Nil) as the availability of future taxable profit to utilise the temporary differences is not probable.

29. Share Capital

	Number of shares	Amount
		HK$'000
Shares of the Company with nominal value of HK$0.01 each		
Authorised:		
As at 31 March 2009 and 2010	10,000,000,000	100,000
Issued and fully paid:		
As at 31 March 2009 and 2010	271,700,000	2,717

30. Share Option Scheme

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

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

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

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

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

30. Share Option Scheme (Continued)

During the year, no share option was granted to the eligible employees and 470,000 (2009: 430,000) share options were forfeited. The movements in the number of share options under the Share Option Scheme during the year are as follows:

	Year ended 31 March 2010						
Date of grant	**At beginning of year**	**Granted during the year**	**Forfeited during the year**	**At end of year**	**Exercise price**	**Closing price at date of grant**	**Exercise period**
1 February 2008*	1,465,000	—	(235,000)	1,230,000	HK$1.27	HK$1.25	1 February 2010 to 31 January 2012
1 February 2008*	1,465,000	—	(235,000)	1,230,000	HK$1.27	HK$1.25	1 February 2011 to 31 January 2012
	2,930,000	—	(470,000)	2,460,000			

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

31. Reserves

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 39 of the financial statements.

The nature and purposes of reserves are set out below.

Share premium

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

Merger reserve

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

Capital reserve

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

Property revaluation reserve

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

Exchange reserve

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

31. Reserves (Continued)

Hedging reserve

Hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedging transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, in accordance with the accounting policy set out in note 4(h).

The Company

	Share premium HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2008	79,836	148,326	16,949	245,111
Total comprehensive income for the year	—	—	5,430	5,430
Dividends	—	—	(21,736)	(21,736)
At 31 March 2009	79,836	148,326	643	228,805
Total comprehensive income for the year	—	—	(288)	(288)
At 31 March 2010	79,836	148,326	355	228,517

Contributed surplus

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

Reserves available for distribution

At 31 March 2010, the aggregate amount of reserves available for distribution to owners of the Company was HK$228,517,000 (2009: HK$228,805,000), which represents the aggregate of retained earnings of HK$355,000 (2009: HK$643,000), contributed surplus of HK$148,326,000 (2009: HK$148,326,000) and share premium of HK$79,836,000 (2009: HK$79,836,000).

32. Contingent Liabilities

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

	The Company	
	2010	2009
	HK$'000	HK$'000
Guarantees given to banks in connection with facilities granted to subsidiaries	**305,133**	308,733

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

33. Commitments

(a) Capital commitments

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Contracted but not provided for:		
Property, plant and equipment	**—**	550
Interest in an associate	**2,394**	2,382

33. Commitments (Continued)

(b) Operating lease arrangements

	The Group	
	2010	2009
	HK$'000	HK$'000
Minimum leases payments paid under operating leases	**9,318**	9,336

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Within 1 year	**7,524**	8,848
In the 2 to 5 years inclusive	**5,840**	9,361
Later than 5 years	**642**	—
	14,006	18,209

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.

34. Related Party Transactions

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

	2010 **HK$'000**	2009 HK$'000
Recurring transactions		
Sale of goods to Noblediam *(note i)*	**15,309**	21,254
Sale of goods to Pesona Noble *(note i)*	**1,145**	2,270
Sale of goods to Chenghuang Jewellery *(note i)*	**177**	111
Management fees received from Noblediam *(note ii)*	**93**	117
Management fees received from Pesona Noble *(note ii)*	**240**	240
Rental, utilities charges and building management fees paid to Guangzhou Weile Jewelry Park Company Limited ("Guangzhou Weile") in which Mr. Chan Yuen Hing, a director and shareholder of the Company ("Mr. Chan"), has beneficial interests *(note iii)*	**491**	382
Rental, utilities charges and building management fees paid to Guangzhou Worldmart Jewelry & Gems Emporium Limited in which Mr. Chan has beneficial interests *(note iii)*	**16**	200
Rental expenses paid to Chenghuang Jewellery *(note iii)*	**254**	159

Notes:

(i) *Sale of goods was determined at cost of materials and production cost plus a percentage of mark-up.*

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

(iii) *The rental, utilities charges and building management fees were paid pursuant to the respective lease agreements.*

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

34. Related Party Transactions (Continued)

(b) Compensation of key management personnel

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

	2010 HK$'000	2009 HK$'000
Wages and salaries	**14,692**	18,152
Pension contributions	**109**	121
	14,801	18,273

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

(c) Balances with related parties

	2010 HK$'000	2009 HK$'000
Amounts due from related parties		
Noblediam	**12,680**	7,958
Trendy Jewelry Limited, an associate in liquidation	**—**	705
Worldmart License Holdings Limited (formerly known as Ijewelry.com Limited), a company in which a director of the Company was a controlling shareholder, deregistered on 18 September 2009	**—**	19
Noble Enterprises Limited, a company in which a director of the Company is a controlling shareholder	**13**	12
A family member of the director of the Company	**6**	6
Glorious (China) Limited ("GCL"), a minority shareholder of a subsidiary *(note i)*	**8,043**	—
Party Time Limited, a minority shareholder of a subsidiary	**5**	—
	20,747	8,700
Amounts due to related parties		
Mr. Zhao De Hua, an ex-independent non-executive director of the Company	**—**	3,515
Pesona Noble	**1,066**	848
	1,066	4,363

Note:

(i) The balances include a loan of US$1,000,000 (equivalent to HK$7,745,500) which is interest bearing at the prime rate per annum granted by the Hongkong and Shanghai Banking Corporation Limited, but not lower than 5% per annum and not higher than 7% per annum, the loan is secured by approximately US$500,000 jewelry stocks of GCL at 31 March 2010 and repayable at the end of three years from the date of granting the loan or after the subsistence of the subsidiary's business, whichever is the earlier.

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

34. Related Party Transactions (Continued)

(d) In November 2008, the Group disposed of its entire equity interest of a subsidiary, Trinity Hong Kong Limited to a family member of Mr. Chan.

(e) In February 2009, the Group acquired 4% equity interest of Chenghuang Jewellery from Mr. Zhao De Hua, an ex-independent non-executive director of the Company. The consideration for the interest of an associate is approximately HK$10,044,000.

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

35. Capital Risk Management

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

The capital structure of the Group consists of debts, which includes the bank borrowings disclosed in the note 24, cash at banks and in hand and equity attributable to owners of the Company, comprising share capital and reserves and retained earnings as disclosed in notes 29 and 31 respectively.

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

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

	2010 **HK$'000**	2009 HK$'000
Debts	**144,169**	160,113
Less: Cash at banks and in hand	**(27,461)**	(14,344)
Net debt	**116,708**	145,769
Equity	**259,090**	254,327
Net debt to equity ratio	**45%**	57%

36. Financial Risk Management

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.

(a) Credit risk

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

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

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from accounts receivable are set out in note 22.

(b) 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.

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

36. Financial Risk Management (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the end of reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of reporting period) and the earliest date the Group can be required to pay.

The Group	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 6 months or on demand HK$'000	More than 6 months but within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
2010						
Bank borrowings	**144,169**	**145,463**	**122,518**	**8,265**	**10,658**	**4,022**
Obligations under finance leases	**40**	**44**	**44**	**—**	**—**	**—**
Accounts payable	**112,350**	**112,350**	**109,582**	**2,768**	**—**	**—**
Other payables and accrued charges	**45,636**	**45,636**	**45,636**	**—**	**—**	**—**
Derivative financial instruments	**37,200**	**37,200**	**37,200**	**—**	**—**	**—**
Amounts due to related parties	**1,066**	**1,066**	**1,066**	**—**	**—**	**—**
	340,461	**341,759**	**316,046**	**11,033**	**10,658**	**4,022**

The Company	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 6 months or on demand HK$'000	More than 6 months but within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
2010						
Other payables and accrued charges	**239**	**239**	**239**	**—**	**—**	**—**
Financial guarantees issued						
Maximum amount guaranteed	**—**	**144,160**	**—**	**—**	**—**	**—**

The Group	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 6 months or on demand HK$'000	More than 6 months but within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
2009						
Bank borrowings	160,113	161,803	127,898	8,360	11,909	13,636
Obligations under finance leases	159	177	66	66	45	—
Accounts payable	47,461	47,461	47,461	—	—	—
Other payables and accrued charges	43,681	43,681	43,681	—	—	—
Amounts due to related parties	4,363	4,363	4,363	—	—	—
	255,777	257,485	223,469	8,426	11,954	13,636

The Company	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 6 months or on demand HK$'000	More than 6 months but within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
2009						
Other payables and accrued charges	40	40	40	—	—	—

36. Financial Risk Management (Continued)

(c) Interest rate risk

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

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

	2010		2009	
	Effective interest rate %	HK$'000	Effective interest rate %	HK$'000
Variable rate borrowings				
Short-term				
Bank overdrafts	5.25% to 5.50%	9	5.25% to 5.50%	6,457
Bank loans	1.35% to 4.75%	29,555	1.75% to 3.00%	35,805
Discounted bills with recourse	N/A	173	N/A	1,538
Trust receipts and export loans	1.66% to 1.94%	100,024	1.60% to 4.79%	93,462
		129,761		137,262
Long-term				
Bank loans	1.60% to 2.35%	14,408	1.71% to 3.18%	22,851
Fixed rate borrowing				
Obligation under finance leases	4.5%	40	4.5%	159

The short-term bank borrowings at floating rate expose the Group to cash flow interest rate risk which is insignificant to the Group.

At 31 March 2010, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax and retained profits by approximately HK$468,000 (2009: HK$765,000). There is no impact on the consolidated equity of the Group.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next reporting period. The analysis is performed on the same basis for 2009.

36. Financial Risk Management (Continued)

(d) Foreign currency risk

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

During the year, the Group entered into certain forward foreign currency contracts. The purpose is to manage the currency risks arising from the Group's operations. At 31 March 2010, the Group held forward foreign currency contracts with fair value of HK$74,000, which are not designated in hedging accounting relationships (note 27).

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

As at 31 March 2010	**USD '000**	**GBP '000**	**EUR '000**	**RMB '000**	**JPY '000**
Accounts receivable	**9,993**	**1,595**	**163**	**6,102**	**169,624**
Other receivables, deposits and prepayments	**425**	**283**	**—**	**8,400**	**—**
Amounts due from related parties	**1,121**	**1,021**	**—**	**—**	**—**
Cash at banks and in hand	**1,512**	**211**	**48**	**4,011**	**—**
Bank borrowings	**(1,131)**	**—**	**—**	**(7,208)**	**—**
Accounts payable	**(8,929)**	**—**	**—**	**(2,414)**	**—**
Other payables and accrued charges	**(1,133)**	**(115)**	**(1)**	**(9,172)**	**—**
Derivative financial instruments	**(14)**	**—**	**—**	**(14)**	**—**
Net exposure	**1,844**	**2,995**	**210**	**(295)**	**169,624**

As at 31 March 2009	USD '000	GBP '000	EUR '000	RMB '000	JPY '000
Accounts receivable	15,329	451	50	75,044	32,143
Other receivables, deposits and prepayments	134	10	13	406	2,982
Amounts due from related parties	—	—	39	—	—
Cash at banks and in hand	462	17	22	952	39
Bank borrowings	(2,147)	—	—	—	—
Accounts payable	(1,848)	—	—	—	—
Other payables and accrued charges	(211)	(14)	—	(8)	(94)
Net exposure	11,719	464	124	76,394	35,070

36. Financial Risk Management (Continued)

(d) Foreign currency risk (Continued)

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

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

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit/(loss) for the year and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2009.

(e) Price risk

The Group is not exposed to any equity securities risk or commodity price risk.

36. Financial Risk Management (Continued)

(f) Fair values estimation

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

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

37. Summary of Financial Assets and Financial Liabilities by Category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2010 and 2009 may be categorised as follows:

	2010 HK$'000	2009 HK$'000
Financial assets		
Loans and receivables (including cash at banks and in hand)	**175,123**	145,375
Financial liabilities		
Financial liabilities measured at amortised cost	**300,342**	242,055
Derivative financial liabilities at fair value	**120**	—

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

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

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

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

As at 31 March 2010, the Group's forward foreign currency contracts are measured at fair value. In accordance with HKFRS 7, the fair value is based on Level 2 fair value measurement hierarchy.

38. Events After the Reporting Period

On 10 May 2010, the Company's wholly-owned subsidiary, Grandpower Holdings Limited, entered into a capital increase agreement with GCL, the minority shareholder of N.A. Marketing Limited relating to which (i) the registered capital of N.A. Marketing Limited, will be increased from US$5,000 to US$15,500; and (ii) the total investment amount of N.A. Marketing Limited will be increased from US$500,000 to US$1,550,000 (collectively known as "Capital Increase"). The Group will solely contribute the full amount of the Capital Increase, being US$1,050,000 in cash by 30 June 2010.

Upon completion of the Capital Increase, Grandpower Holdings Limited's equity interest in N.A. Marketing Limited will be increased from 70% to approximately 90.32%, and GCL's equity interest in N.A. Marketing Limited will be diluted from 30% to approximately 9.68% accordingly.

Five Years Financial Summary

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

	Year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 *(Note)*
Results					
Turnover	**521,328**	631,947	761,976	655,349	547,612
Profit before income tax	**7,921**	5,599	70,842	63,982	54,900
Income tax expense	**(4,870)**	(4,269)	(10,215)	(7,688)	(6,347)
Profit for the year	**3,051**	1,330	60,627	56,294	48,553
Profit attributable to owners of the Company	**3,140**	1,330	60,627	56,294	48,553

	As at 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 *(Note)*
Assets and Liabilities					
Non-current assets	**118,927**	114,240	63,622	80,731	72,565
Current assets	**444,875**	396,670	552,804	385,446	306,886
Current liabilities	**(290,304)**	(233,692)	(338,982)	(306,879)	(246,513)
Net current assets	**154,571**	162,978	213,822	78,567	60,373
Total assets less current liabilities	**273,498**	277,218	277,444	159,298	132,938
Non-current liabilities	**(14,408)**	(22,891)	(8,345)	(7,451)	(2,079)
Net assets	**259,090**	254,327	269,099	151,847	130,859

Note:

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 (the "Prospectus"). 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. In addition, the assets and liabilities of the Group as at 31 March 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.