中發展控股有限公司

ZHONG FA ZHAN HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

Stock Code : 00475

Annual Report 2012/13

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CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Non-executive Director

Mr. Li Wei Qi, Jacky

Independent non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

Mr. Ng Kwok Kit

Head Office and Principal Place of Business in Hong Kong

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

Registered Office

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

Principal Share Registrar

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

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

Legal Advisers

K&L Gates
Angela Ho & Associates

Auditor

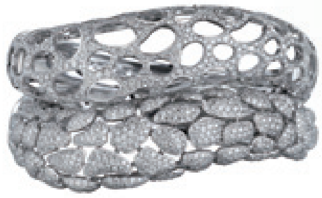
Deloitte Touche Tohmatsu

Company Website

www.475hk.com

Stock Code

00475



CHAIRMAN'S STATEMENT

To Our Shareholders,

On behalf of the board of directors (the "Board") of Zhong Fa Zhan Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively "Zhong Fa Zhan" or the "Group") for the year ended 31 March 2013.

During the year of review ("Review Period"), the Group principally focused on the design, manufacturing and wholesale of fine jewelry products in The People's Republic of China (the "PRC"). Global economic volatility and turmoil coupled with various austerity measures introduced in the PRC had resulted in the ever rising of the operating costs. In particular, the ever rising wages and the persistent inflation had imposed challenges and difficulties in the year. Under the current economic condition, it is unlikely to transfer the cost increments to the customers, and the profitability of the Group was affected by all of these unfavorable factors. To tackle these difficulties, the Group will continue to implement stringent cost control measures and seek a further improvement of the operating efficiency. We will consider the probability of further outsourcing our production process, so as to provide a more stable cost base for the Group, with a view to minimize the effect of the unfavorable factors on the profitability.

The Group will continue to review the business strategy and adopt timely measures to cope with the ever changing market. We will consider diversifying the Group's businesses when promising investment opportunities or development potential arise, in an effort to expand revenue sources of the Group. We are confident that we can overcome difficulties and successfully tap new business opportunities, with a view to strive for better results.

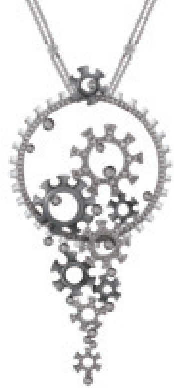
Based on the prudent financial principle and upon the consideration towards the sustainable development of the Group, the Board proposes not to distribute any final dividend for the 2012/13 financial year.

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

Wu Hao
Chairman and Executive Director

Hong Kong, 21 June 2013

MANAGEMENT DISCUSSION AND ANALYSIS



Operating Results — Continuing Operations

The sales turnover of the Group from continuing operations increased slightly by 1.9% from approximately HK$74.4 million to approximately HK$75.8 million for the Review Period. However, the gross profit margin dropped significantly from 16.1% to 9.1% to approximately HK$6.9 million during the Review Period.

The Group recorded a net loss of HK$31.1 million (2012: net loss of HK$7.4 million) for the Review Period. Basic loss per share were 11.4 HK cents (2012: basic loss per share were 2.7 HK cents).

The increase in net loss of continuing operations is mainly attribute to: (i) the Company has issued share options to the directors of the Company (the "Directors") and other eligible participants (the "Share Options") in June 2012, the fair value of the Share Options has been recorded as an expense to the Company in the reporting period as required by the Hong Kong Financial Reporting Standard 2 — Share-based Payment (HKFRS 2) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"); and (ii) decrease in gross profit with additional production costs and administrative expenses following the group reorganization in 2011 as compared to the result generated by the continuing operations for the year ended 31 March 2012.

Business Review

The Group faced strong competition and challenge for the last corresponding period. Although the sales turnover can be maintained, the gross profit has dropped significantly because of the rising production costs which cannot be fully transferred to the customers. As a result of the reduced business size after the group reorganization in 2011, costs incurred per production unit have increased due to the loss of economy of scale. In order to deal with such circumstances, the Group has already adopted suitable measures to control costs. Furthermore, for the year ended 31 March 2012, significant profit was generated from the Group's now discontinued operations, which does not recur in the current year.

Prospects

The economic environment of Mainland China is still uncertain and cost concern arising from inflationary pressures is yet to be observed in the coming year. We will continue to adopt a prudent approach to optimize our resources in strengthening our business fundamentals. Besides, we may consider to further outsource our production process as to stay away from the unpredictability of the labour market and provide the Group with a more stabilized cost base.

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

Liquidity and Financial Resources

As at 31 March 2013, the Group's net current assets and current ratio stood at HK$23.8 million and 2.5 respectively (2012: HK$38.7 million and 3.1 respectively). Net gearing ratio (total interest bearing borrowings net of cash at banks and in hand as a percentage of total equity) was nil as at 31 March 2013 (2012: Nil).

The Group had no bank borrowings as at 31 March 2013 (2012: Nil). The Group had no banking facilities as at 31 March 2013 (2012: Nil).

As at 31 March 2013, the Group's cash at banks and in hand amounted to HK$7.6 million (2012: HK$10.5 million).

Charges on Group Assets

As at 31 March 2013, the Group did not have any charges on the Group's assets (2012: Nil).

Capital Structure

For the year ended 31 March 2013, the Group financed its liquidity requirements through cash flow as generated from operation.

Capital Commitment and Contingent Liabilities

As at 31 March 2013, the Group did not have any capital commitments (2012: Nil) and had HK$5.8 million of operating lease commitments (2012: HK$1.1 million).

As at 31 March 2013, the Group did not have any significant contingent liabilities (2012: Nil).

Staff and Remuneration Policy

As at 31 March 2013, the Group had a total of 62 employees (2012: 85). Staff costs for the year under review was HK$25.4 million, representing a decrease of 63% as compared to 2012 of HK$69.0 million. During the year ended 31 March 2012, together with a significant amount of revenue, significant staff costs were generated from the Group's now discontinued operations, which does not recur in the current year. The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees. Other benefits include share option scheme and contribution to statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

Foreign Exchange Fluctuation and Hedges

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

As at 31 March 2013, no forward foreign currency contracts are designated in hedging accounting relationships (2012: Nil).

DIRECTORS AND COMPANY SECRETARY

Executive Directors

Mr. Wu Hao, aged 39, is our chairman and an executive Director. He joined the Group in 2012 and is responsible for overall strategic planning and development. Mr. Wu Hao joined Xinjiang Lian Rui Mining Company Limited* (新疆聯瑞礦業有限公司), which is principally engaged in mining resources business, in 2008 and was appointed as its vice chairman in 2009. Mr. Wu Hao graduated in legal professional studies from Correspondence Institute of Party School of the Central Committee of Communist Party of China* (中共中央黨校函授學院) in 2002.

Mr. Hu Yangjun, aged 39, is an executive Director. He joined the Group in 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yangjun has corporate management experience in information technology and international trade and has worked in Zhejiang Orient Group* (浙江東方集團) and Zhejiang Ju Neng Dongfang Holdings Company Limited* (浙江巨能東方控股有限公司) and was an executive director of Zheda Lande Scitech Limited (stock code: 8106), the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange. He is currently an executive director of Neo Telemedia Limited (stock code: 8167), the issued shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Hu Yangjun is currently a member of All-China Youth Federation. Mr. Hu Yangjun graduated from Anhui Normal University.

Mr. Hu Yishi, aged 37, is an executive Director. He joined the Group in 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yishi has experience in China affairs and business. Mr. Hu Yishi is a non-executive director and the chairman of Kai Yuan Holdings Limited (stock code: 1215), the issued shares of which are listed on the Stock Exchange. Mr. Hu Yishi was previously an executive director of China Pipe Group Limited (stock code: 380) and Sun Media Group Holdings Limited (now known as Up Energy Development Group Limited (stock code: 307)), the issued shares of both companies are listed on the Stock Exchange. Mr. Hu Yishi graduated from Shanghai International Tourism Vocational Technology School.

Mr. Chan Wing Yuen, Hubert ("Mr. Hubert Chan"), aged 55, is our chief executive and an executive Director. He joined the Group in 2011 and is responsible for business policy formulation and execution. Mr. Hubert Chan is a member of the Chinese People's Political Consultative Conference — Heilongjiang Province Committee in the PRC. Mr. Hubert Chan spent over ten years with the Stock Exchange. Mr. Hubert Chan was a director of Guangdong Investment Limited (stock code: 270), Rising Development Holdings Limited (stock code: 1004), Interchina Holdings Company Limited (stock code: 202) and China Pipe Group Limited (stock code: 380), all companies of which shares are listed on the Stock Exchange. Mr. Hubert Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Hubert Chan is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and is also a member of the Hong Kong Securities Institute and the Hong Kong Institute of Directors.

* *translation for identification purpose only*

Non-executive Director

Mr. Li Wei Qi, Jacky ("Mr. Jacky Li"), aged 41, was appointed as a non-executive Director in November 2011. Mr. Jacky Li has experience in the financial services field. Mr. Jacky Li is currently vice president of the marketing department of Emperor Bullion Investments (Asia) Limited, Emperor Futures Limited, Emperor Securities Limited and Emperor Wealth Management Limited. Mr. Jacky Li is a licensed representative under the Securities and Futures Ordinance (the "SFO") to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities, a licensed representative of the Professional Insurance Brokers Association to carry on long term insurance (including linked long term insurance) and general insurance regulated activities, a licensed representative of the Mandatory Provident Fund Schemes Authority to carry on related regulated activities and an account executive registered with The Chinese Gold & Silver Exchange Society. Mr. Jacky Li was previously vice president of the marketing department of Tanrich Futures Limited and was a person licensed by the Securities and Futures Commission for dealing and advising in futures contracts and asset management.

Independent Non-executive Directors

Mr. Wu Chi Keung (also known as Mr. Edward Wu), aged 56, was appointed as an independent non-executive Director in November 2011. Mr. Edward Wu has experience in the financial audit field and was a partner of Deloitte Touche Tohmatsu. Mr. Edward Wu is currently an independent non-executive director of China Renji Medical Group Limited (stock code: 648), China Medical System Holdings Limited (stock code: 867), Jinchuan Group International Resources Co., Ltd (stock code: 2362) and GreaterChina Professional Services Limited (stock code: 8193), respectively, all companies of which shares are listed on the Stock Exchange. Mr. Edward Wu graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in accountancy. He is an associate of the HKICPA and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Edward Wu has resigned as the independent non-executive director and the member of the audit committee and remuneration committee of JF Household Furnishings Limited (stock code: 776) with effect from 5 October 2012.

Mr. Heung Chee Hang, Eric ("Mr. Eric Heung"), aged 45, was appointed as an independent non-executive Director in November 2011. Mr. Eric Heung is a practising solicitor in Hong Kong. Mr. Eric Heung is currently a partner of Tung, Ng, Tse & Heung, Solicitors and is an independent non-executive director of Mobile Telecom Network (Holdings) Limited (stock code: 8266), a company of which shares are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Eric Heung graduated with a degree in laws from the University of Leicester, England and was admitted as a solicitor of the Supreme Court of Hong Kong.

Ms. Kwok Pui Ha (also known as Ms. Tracy Kwok), aged 44, was appointed as an independent non-executive Director in November 2011. Ms. Tracy Kwok is the group financial controller of CIAM Group Limited (stock code: 378), a company of which shares are listed on the Stock Exchange, and of CITIC International Assets Management Limited, the immediate holding company of CIAM Group Limited. Ms. Tracy Kwok had worked with Deloitte Touche Tohmatsu and has experience in financial management and accounting with companies the shares of which are listed on the Stock Exchange. Ms. Tracy Kwok graduated with a bachelor degree in accountancy from City Polytechnic of Hong Kong (now known as City University of Hong Kong) and is a fellow member of the HKICPA and the Association of Chartered Certified Accountants, an Associate of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Securities Institute.

Company Secretary

Mr. Ng Kwok Kit (also known as Mr. Eric Ng), aged 28, is the financial controller and company secretary of the Group (the "Company Secretary"). He joined the Group in 2012 and is responsible for the financial and accounting and company secretarial matters of the Group. Mr. Eric Ng graduated with a bachelor degree in finance from the Hong Kong Baptist University. Mr. Eric Ng is a member of the HKICPA. He had worked with Deloitte Touche Tohmatsu and has over 6 years' experience in auditing and accounting.

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 2013.

Principal Activities

The Group is principally engaged in the design, manufacture and wholesale of fine jewelry products in the PRC. The principal activities of the Company's subsidiaries are set out in note 25 to the financial statements.

Results and Dividends

The results of the Group for the year ended 31 March 2013 and the state of affairs of the Group as at that date are set out in the financial statements on pages 27 to 66 of this Annual Report.

The Board did not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

Closure of Register of Members

The register of members will be closed from Wednesday, 28 August 2013 to Friday, 30 August 2013 (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 30 August 2013 (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, 27 August 2013.

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 67 of this Annual Report.

Reserves

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Subsidiaries

Particulars of the Group's principal subsidiaries are set out in note 25 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 14 to the financial statements.

Borrowings

The Group had no bank borrowings and no banking facilities as at 31 March 2013.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 19 to the financial statements.

Directors

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

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

Non-executive Director:
Mr. Li Wei Qi, Jacky

Independent non-executive Directors:
Mr. Wu Chi Keung
Mr. Heung Chee Hang, Eric
Ms. Kwok Pui Ha

In accordance with Article 87 of the articles of association of the Company, Mr. Wu Hao, Mr. Chan Wing Yuen, Hubert and Mr. Li Wei Qi, Jacky shall retire from office by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

The biographical details of the Directors are set out under the section "Directors and Company Secretary" 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 2013 are set out in note 11 to the financial statements.

Share Option Scheme

The Group has approved and adopted a share option scheme on 26 February 2007 for the Directors, its employees and other eligible participants with a view to provide an incentive to or as a reward for their contribution to the Group. The Company has granted 24,090,000 Share Options to the Directors, its employees and other eligible participants on 27 June 2012. The Share Options are all vested at the date of grant and exercisable during the period from 27 June 2012 to 30 December 2016. The exercise price of the Share Options is HK$1.53 per share. The fair value of the Share Options determined at the date of grant using the Binomial model was approximately HK$16,381,000. Details of the share option scheme and the calculation of the fair value of the Share Options are set out in note 20 to the financial statements.

Details of the movements of share options granted, exercised or cancelled/lapsed during the year under review and outstanding as at 31 March 2013 are as follows:

	Number of share options							
	At 1 April 2012	**Granted during the year**	**Exercised during the year**	**Cancelled/ lapsed during the year**	**Outstanding as at 31 March 2013**	**Exercise period (both dates inclusive)**	**Exercise price**	**Closing price immediately before the date of grant**
							HK$	HK$
Directors:								
Mr. Wu Hao	—	2,736,000	—	—	2,736,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Hu Yangjun	—	2,736,000	—	—	2,736,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Hu Yishi	—	2,736,000	—	—	2,736,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Chan Wing Yuen, Hubert	—	2,736,000	—	—	2,736,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Li Wei Qi, Jacky	—	2,736,000	—	—	2,736,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Wu Chi Keung	—	270,000	—	—	270,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Heung Chee Hang, Eric	—	270,000	—	—	270,000	27 June 2012 to 30 December 2016	1.53	1.53
Ms. Kwok Pui Ha	—	270,000	—	—	270,000	27 June 2012 to 30 December 2016	1.53	1.53
Total Directors	**—**	**14,490,000**	**—**	**—**	**14,490,000**			
Employees	—	4,200,000	—	—	4,200,000	27 June 2012 to 30 December 2016	1.53	1.53
Total Employees	**—**	**4,200,000**	**—**	**—**	**4,200,000**			
Other Grantees	—	5,400,000	—	—	5,400,000	27 June 2012 to 30 December 2016	1.53	1.53
Total Other Grantees	**—**	**5,400,000**	**—**	**—**	**5,400,000**			
Total All Categories	**—**	**24,090,000**	**—**	**—**	**24,090,000**			

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 had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests and Short Positions in Shares

As at 31 March 2013, the interests and short positions of the Directors 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 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. Wu Hao	*(Note 2)*	2,736,000	1.00%
Mr. Hu Yangjun	*(Note 3)*	207,454,000	75.82%
Mr. Hu Yishi	*(Note 4)*	207,454,000	75.82%
Mr. Chan Wing Yuen, Hubert	*(Note 2)*	2,736,000	1.00%
Mr. Li Wei Qi, Jacky	*(Note 2)*	2,736,000	1.00%
Mr. Wu Chi Keung	*(Note 5)*	270,000	0.10%
Mr. Heung Chee Hang, Eric	*(Note 5)*	270,000	0.10%
Ms. Kwok Pui Ha	*(Note 5)*	270,000	0.10%

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) Each of Mr. Wu Hao, Mr. Chan Wing Yuen, Hubert and Mr. Li Wei Qi, Jacky had a direct interest of 2,736,000 Shares which are outstanding share options granted by the Company to subscribe for 2,736,000 Shares at exercise price of HK$1.53 per Share.

(3) Mr. Hu Yangjun had a direct interest of 2,736,000 Shares which are outstanding share options granted by the Company to subscribe for 2,736,000 Shares at exercise price of HK$1.53 per Share and a deemed interest of 204,718,000 Shares held by Resources Rich Capital Limited ("Resources Rich"), a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.

(4) Mr. Hu Yishi had a direct interest of 2,736,000 Shares which are outstanding share options granted by the Company to subscribe for 2,736,000 Shares at exercise price of HK$1.53 per Share and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.

(5) Each of Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha had a direct interest of 270,000 Shares which are outstanding share options granted by the Company to subscribe for 270,000 Shares at exercise price of HK$1.53 per Share.

Save as disclosed above, as at 31 March 2013, no interest and short position in the Shares or underlying Shares were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company or any of their respective associates which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

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

Connected Transactions

No connected transaction has been conducted during the year.

Substantial Shareholders' Interests and Short Positions in Shares

As at 31 March 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors and their associates, the following shareholders have notified the Company of relevant interests in the issued share capital of the Company:

Long Positions

Ordinary Shares of HK$0.01 each

Name of Shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued ordinary share capital of the Company
Resources Rich	*(Note 1)*	204,718,000	74.82%
Ms. Zhang Qi	*(Note 2)*	207,454,000	75.82%
Ms. Lin Min	*(Note 3)*	207,454,000	75.82%

Notes:

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

(2) Ms. Zhang Qi is the spouse of Mr. Hu Yangjun. Accordingly, she is deemed to be interested in the 207,454,000 Shares which Mr. Hu Yangjun is interested in pursuant to the SFO.

(3) Ms. Lin Min is the spouse of Mr. Hu Yishi. Accordingly, she is deemed to be interested in the 207,454,000 Shares which Mr. Hu Yishi is interested in pursuant to the SFO.

Save as disclosed above, as at 31 March 2013, no other parties, other than the Directors whose interests are set out in the section "Directors' Interests and Short Positions in Shares" above, had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Change of Company Secretary and Authorised Representative

Mr. Sin Lap Poon ("Mr. Sin") has tendered his resignation as the company secretary and authorised representative of the Company with effect from 1 September 2012. Mr. Sin has confirmed that there is no matter in respect of his resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange.

Following the resignation of Mr. Sin, Mr. Eric Ng has been appointed as the company secretary and authorised representative of the Company with effect from 1 September 2012. The biographical details of Mr. Eric Ng are set out under the section "Directors and Company Secretary" of this Annual Report.

Change of Auditor

BDO Limited have tendered their resignation as auditor of the Group with effect from 28 September 2012 as the Company and BDO Limited could not reach a consensus about the auditor's remuneration for the financial year ended 31 March 2013.

The Board resolved to appoint Deloitte Touche Tohmatsu as the new auditor of the Group on 28 September 2012 to fill the casual vacancy following the resignation of BDO Limited and to hold office until the conclusion of the next annual general meeting of the Company.

The Board has confirmed that there is no other matter in connection with the resignation of BDO Limited and the appointment of Deloitte Touche Tohmatsu that needs to be brought to the attention of the shareholders or creditors of the Company or its subsidiaries. BDO Limited have confirmed in their letter of resignation that there is no other circumstance connected with their resignation which they consider should be brought to the attention of the shareholders or creditors of the Company or its subsidiaries.

Change of Principal Share Registrar and Transfer Agent in the Cayman Islands

With effect from 26 January 2013, the Company's principal share registrar and transfer agent in the Cayman Islands has been changed to:

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

The Company's branch share registrar and transfer office in Hong Kong is still maintained by Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

Major Customers and Suppliers

Analysis of the percentages of purchases and sales for the year ended 31 March 2013 attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	57%
— five largest suppliers combined	86%
Sales	
— the largest customer	9%
— five largest customers combined	32%

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 2013.

Employee Retirement Benefit

Particulars of the retirement scheme of the Group are set out in note 23 to the financial statements.

Corporate Governance

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

Pre-Emptive Rights

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

Sufficiency of Public Float

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

Directors' Interest in Competing Business

As at 31 March 2013, none of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

Auditor

The financial statements have been audited by Deloitte Touche Tohmatsu who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Annual General Meeting to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Wu Hao
Chairman and Executive Director

Hong Kong, 21 June 2013

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 2013.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all directors of the Company, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2013.

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.

All Directors, namely Mr. Wu Hao, Mr. Hu Yangjun, Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert, Mr. Li Wei Qi, Jacky, Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha have participated in continuous professional development to develop and refresh their knowledge and skills through suitable trainings. These trainings included but not limited to online debriefs regarding taxation, compliance, and global economic development. The participation in such trainings is to ensure that their contribution to the Board remains informed and relevant.

The Roles of the Chairman and Chief Executive

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

Board Composition

As at the date of this report, the Board comprises eight Directors, including four executive Directors, namely, Mr. Wu Hao, Mr. Hu Yangjun, Mr. Hu Yishi and Mr. Chan Wing Yuen, Hubert; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely, Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha. Biographical details of the Directors are set out under the section headed "Directors and Company Secretary" on pages 6 to 8 of this Annual Report.

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

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

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

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

Board Meetings

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

Name	Number of meeting(s) held while being a Director	Number of meeting(s) attended
Executive Directors		
Mr. Wu Hao	4	4
Mr. Hu Yangjun	4	4
Mr. Hu Yishi	4	4
Mr. Chan Wing Yuen, Hubert	4	4
Non-executive Director		
Mr. Li Wei Qi, Jacky	4	4
Independent non-executive Directors		
Mr. Wu Chi Keung	4	4
Mr. Heung Chee Hang, Eric	4	4
Ms. Kwok Pui Ha	4	4

Delegation by the Board

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

Audit Committee

The Audit Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Audit Committee conforms to the code provision requirements of the Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha. Mr. Wu Chi Keung is the chairman of the Audit Committee and 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, five meetings were held and the attendance of each member is set out as follows:

Name	Number of meeting(s) held while being a Director	Number of meeting(s) attended
Mr. Wu Chi Keung	5	5
Mr. Heung Chee Hang, Eric	5	5
Ms. Kwok Pui Ha	5	5

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 2012, 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 2012 and recommended them to the Board for review and approval;

3. Reviewed with the management of the Company the accounting principles and practices adopted by the Group for the year ended 31 March 2013; and

4. Recommended to the Board the appointment of Deloitte Touche Tohmatsu as the new auditor of the Group with effect from 28 September 2012 to fill the causal vacancy following the resignation of BDO Limited and to hold office until the conclusion of the next annual general meeting of the Company.

Remuneration Committee

The Remuneration Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Remuneration Committee conforms to the code provision requirements of the Code. The Remuneration Committee comprises Mr. Wu Chi Keung, as chairman, Mr. Heung Chee Hang, Eric and Mr. Chan Wing Yuen, Hubert. The Remuneration Committee was set up for the purpose of reviewing and making recommendations to the Board on the remuneration structure for all Directors and senior management of the Group. The annual emoluments payable to Directors were recommended by the Remuneration Committee, with a view to recruit and retain high-calibre personnel that are valuable to the Group, by making reference to the experience, responsibilities and duties as well as the prevailing market conditions. Details of Directors' remuneration for the year ended 31 March 2013 is set out in note 11 to the financial statements.

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

Name	Number of meeting(s) held while being a Director	Number of meeting(s) attended
Mr. Wu Chi Keung	1	1
Mr. Heung Chee Hang, Eric	1	1
Mr. Chan Wing Yuen, Hubert	1	1

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

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

2. Assessed performance of executive Directors;

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

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

Nomination Committee

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

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

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

Name	**Number of meeting(s) held while being a Director**	**Number of meeting(s) attended**
Mr. Wu Chi Keung	1	1
Ms. Kwok Pui Ha	1	1
Mr. Chan Wing Yuen, Hubert	1	1

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

1. Determined the policy for the nomination of Directors;

2. Adopted the nomination procedures and the process and criteria to select and recommend candidates for directorship;

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

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

Internal Control

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

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

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

Communications With Shareholders

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

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

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Pursuant to the articles of association of the Company, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by the procedures set out in the preceding paragraph.

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

During the year under review, the Company has not made any changes to its articles of association. An up to date version of the Company's articles of association is also available on the websites of the Company and the Stock Exchange.

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 flows for that year. The statement issued by the auditor of the Company regarding its reporting responsibilities was set out in detail in the Independent Auditor's Report on pages 25 to 26 of this Annual Report.

Management Function

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

Auditor's Remuneration

Analysis of remuneration in respect of audit and non-audit service provided by the external auditor, Deloitte Touche Tohmatsu, for the year ended 31 March 2013 is as follows:

Nature of services	**Amount**
	HK$'000
Audit services	500
Non-audit services — Interim Review	123
Non-audit services — Others *(Note)*	15

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

Company Secretary

Mr. Eric Ng has been appointed as the Company Secretary since 1 September 2012. Mr. Eric Ng reports to the chief executive directly and is responsible to the Board for ensuring that the Board procedures, applicable law, rules and regulations are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

According to the Rule 3.29 of the Listing Rules, Mr. Eric Ng has taken no less than 15 hours of relevant professional training for the financial year ended 31 March 2013.

Deloitte.
德勤

TO THE SHAREHOLDERS OF
ZHONG FA ZHAN HOLDINGS LIMITED
中發展控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Zhong Fa Zhan Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 66, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit 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 about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other matter

The consolidated financial statements of the Group for the year ended 31 March 2012 were audited by another auditor who expressed an unmodified opinion on those statements on 22 June 2012.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 June 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000
Continuing operations			
Revenue	6	75,770	74,358
Cost of sales		(68,889)	(62,394)
Gross profit		6,881	11,964
Other income		216	542
Other gains and losses	7	946	1,633
Distribution costs		(8,391)	(9,092)
Administrative expenses		(30,757)	(7,483)
Other expenses	10	—	(5,000)
Finance costs		(18)	(8)
Loss before taxation		(31,123)	(7,444)
Taxation	8	—	—
Loss for the year from continuing operations		(31,123)	(7,444)
Discontinued operations			
Profit for the year from discontinued operations	9	—	15,950
(Loss) profit for the year	10	(31,123)	8,506
Other comprehensive income for the year			
Exchange difference arising on translation of foreign operations		(181)	4,662
Loss on revaluation of leasehold land and buildings		(327)	—
Total comprehensive (expense) income for the year		(31,631)	13,168
(Loss) profit for the year attributable to:			
Owners of the Company		(31,123)	10,119
Non-controlling interests		—	(1,613)
		(31,123)	8,506
Total comprehensive (expense) income attributable to:			
Owners of the Company		(31,631)	14,781
Non-controlling interests		—	(1,613)
		(31,631)	13,168
(Loss) earnings per share	12		
From continuing and discontinued operations			
Basic and diluted (HK cents)		(11.37)	3.71
From continuing operations			
Basic and diluted (HK cents)		(11.37)	(2.73)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	14	12,583	13,509
Rental deposits		499	—
		13,082	13,509
Current assets			
Inventories	15	19,039	26,037
Trade receivables	16	10,076	13,765
Other receivables, deposits and prepayments	16	2,817	6,813
Bank balances and cash	17	7,552	10,538
		39,484	57,153
Current liabilities			
Trade payables	18	13,409	14,082
Other payables and accruals	18	2,314	4,382
		15,723	18,464
Net current assets		23,761	38,689
Total assets less current liabilities		36,843	52,198
Capital and reserves			
Share capital	19	2,736	2,736
Reserves		33,909	49,159
		36,645	51,895
Non-current liabilities			
Deferred tax liabilities	21	198	303
		36,843	52,198

The consolidated financial statements on pages 27 to 66 were approved and authorised for issue by the Board of Directors on 21 June 2013 and are signed on its behalf by:

Wu Hao
DIRECTOR

Chan Wing Yuen, Hubert
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Share option reserve HK$'000	Exchange reserve HK$'000	Capital reserve HK$'000	Revaluation reserve HK$'000	Retained profits (accumulated loss) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2011	2,717	79,836	1,593	—	11,034	1,445	6,837	171,864	275,326	—	275,326
Profit (loss) for the year	—	—	—	—	—	—	—	10,119	10,119	(1,613)	8,506
Exchange differences arising on translation	—	—	—	—	4,662	—	—	—	4,662	—	4,662
Total comprehensive income (expense) for the year	—	—	—	—	4,662	—	—	10,119	14,781	(1,613)	13,168
Exercise of share options	19	2,407	—	—	—	—	—	—	2,426	—	2,426
Waiver of loan from a non-controlling shareholder of a subsidiary	—	—	—	—	—	2,360	—	—	2,360	—	2,360
Distribution in specie	—	(50,000)	(1,593)	—	(8,105)	(3,805)	(1,323)	(178,172)	(242,998)	1,613	(241,385)
Transfer between reserves upon disposal of properties	—	—	—	—	—	—	(4,636)	4,636	—	—	—
At 31 March 2012	2,736	32,243	—	—	7,591	—	878	8,447	51,895	—	51,895
Loss for the year	—	—	—	—	—	—	—	(31,123)	(31,123)	—	(31,123)
Exchange differences arising on translation	—	—	—	—	(181)	—	—	—	(181)	—	(181)
Loss on revaluation of leasehold land and buildings	—	—	—	—	—	—	(436)	—	(436)	—	(436)
Deferred tax arising from change in valuation of properties	—	—	—	—	—	—	109	—	109	—	109
Total comprehensive expense for the year	—	—	—	—	(181)	—	(327)	(31,123)	(31,631)	—	(31,631)
Equity settled share-based payment	—	—	—	16,381	—	—	—	—	16,381	—	16,381
At 31 March 2013	2,736	32,243	—	16,381	7,410	—	551	(22,676)	36,645	—	36,645

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
Operating activities		
(Loss) profit for the year	(31,123)	8,506
Adjustments for:		
Income tax	—	1,741
Interest expense	—	4,100
Interest income	(37)	(75)
Depreciation of property, plant and equipment	756	7,074
Loss (gain) on disposal of property, plant and equipment	20	(4,839)
Equity-settled share-based payment	16,381	—
Written off of other payables and accruals	(688)	—
Share of results of associates	—	(4,323)
Allowance for bad and doubtful debts	—	4,932
Bad debts written off	—	1,314
Write-down of inventories	—	256
Fair value gain on the insurance contract	—	(130)
Written off of amount due to a related company	—	990
Fair value loss on derivative financial instruments	—	608
Impairment loss on goodwill of an associate	—	233
Operating cash flows before movements in working capital	(14,691)	20,387
Decrease in inventories	6,998	18,960
Decrease (increase) in trade receivables	3,689	(39,204)
Decrease (increase) in other receivables, deposits and prepayment	3,497	(11,096)
Increase in amounts due from related parties	—	(11,605)
Decrease in trade payables	(673)	(9,477)
(Decrease) increase in other payables and accruals	(1,380)	21,258
Effect on foreign exchange rate changes	—	1,182
Cash used in operations	(2,560)	(9,595)
Income tax paid	—	(654)
Interest paid	—	(4,100)
Net cash used in operating activities	(2,560)	(14,349)

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
Investing activities		
Interest received	**37**	75
Purchase of property, plant and equipment	**(100)**	(2,555)
Proceeds on disposal of property, plant and equipment	—	32,981
Acquisition of associates	—	(4,067)
Loan to a related party	—	(2,104)
Dividend received from an associate	—	2,465
Net cash (used in) from investing activities	**(63)**	26,795
Financing activities		
Advance from related parties	—	43,935
Proceeds from exercise of share options	—	2,426
Distribution in specie	—	(21,268)
New bank loans raised	—	37,050
Repayment of bank loans	—	(73,412)
Net cash used in financing activities	—	(11,269)
Net (decrease) increase in cash and cash equivalents	**(2,623)**	1,177
Cash and cash equivalents at beginning of the year	**10,538**	9,361
Effect of foreign exchange rate changes	**(363)**	—
Cash and cash equivalents at end of the year	**7,552**	10,538
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**7,552**	10,538

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

1. General

The Company is a public limited company incorporated in the Cayman Islands as an exempted company and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is Resources Rich Capital Limited ("RRCL"), a company incorporated in the British Virgin Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Unit 16-A3, 1/F, Block A, Focal Industrial Centre, 21 Man Lok Street, Hung Hom, Kowloon.

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry design, manufacture and wholesale business in the People's Republic of China ("PRC") (excluding Hong Kong).

After the distribution of certain businesses to the shareholders of the Company during the year ended 31 March 2012 as disclosed in note 9, the Group is principally engaged in jewelry design, manufacture and wholesale business in the PRC (excluding Hong Kong). As at 1 April 2012, the directors reassessed the functional currency of the Company and it is considered that Renminbi ("RMB") better reflects the underlying transaction of the primary economic environment of the Company as the existing subsidiaries are substantially operated in the PRC and the future investment plans of the Company will also be focused mainly in the PRC. Accordingly, the directors determined that functional currency of the Company has changed from Hong Kong dollar ("HK$") to RMB from 1 April 2012. For the convenience of the consolidated financial statements users, the consolidated financial statements have been presented in HK$, as the Company's shares are listed in Hong Kong.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 12	Deferred tax: Recovery of underlying assets; and
Amendments to HKFRS 7	Financial instruments: Disclosures — Transfers of financial assets

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 — 2012 cycle[1]
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2012)	Employee benefits[1]
HKAS 27 (as revised in 2012)	Separate financial statements[1]
HKAS 28 (as revised in 2012)	Investments in associates and joint ventures[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]
HK(IFRIC) — INT 20	Stripping costs in the production phase of a surface mine[1]

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

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 Presentation of items of other comprehensive income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Amendments to HKAS 1 Presentation of items of other comprehensive income (Continued)

The amendments to HKAS 1 are effective for the Group's annual period beginning on 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for the Group's annual period beginning on 1 April 2013. The directors anticipate that the application of the new standard may result in more extensive disclosures in the consolidated financial statements in respect of the leasehold land and buildings.

Other than as disclosed above, the directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for leasehold land and buildings that were measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Revenue recognition

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

Revenue from the sale of goods is recognised when goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment other than leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purpose are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. 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 the reporting period.

Any revaluation increase arising on the revaluation of leasehold land and buildings is recognised in other comprehensive income and accumulated in properties revaluation reserve, except to the extent that it reverses a revaluation decrease of 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 revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is recognised so as to write off the cost or fair value of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Leasing

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.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms.

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.

3. Significant Accounting Policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses item are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (e.g. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Change in functional currency

Functional currency of a group entity is changed only if there is a change to the underlying transactions, events and conditions relevant to the entity. The entity applied the translation procedures applicable to the new functional currency prospectively. At the date of change, the entity translates all items into the new functional currency using the exchange rate prevailing at that date and the resulting translated amounts for non-monetary items are treated as the historical cost. Exchange differences arising from the translation of foreign operations recognised in exchange reserve are not recognised in profit or loss until the disposal of the foreign operation.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme, are recognised as an expense when employees have rendered service entitling them to the contributions.

3. Significant Accounting Policies (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit before tax as reported in the consolidated statement of comprehensive income because it excludes items of income or expense 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 the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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 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.

The carrying amount of deferred tax assets is reviewed at the end of the 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 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 is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. Significant Accounting Policies (Continued)

Taxation (Continued)

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 the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be 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 financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer and counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables and accruals are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liability when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant Accounting Policies (Continued)

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. Significant Accounting Policies (Continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted to employees at the grant date is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

4. Capital Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, share premium and reserves.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the issuance of new shares and raising of new borrowings.

5. Financial Instruments

Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**17,716**	30,506
Financial liabilities		
Amortised cost	**15,507**	17,956

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and accruals. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group has not used any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest cash flows.

The Group currently does not have interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Company's directors considered the Group's exposure to currency risk relating to variable-rate bank balances is insignificant. Accordingly, no sensitivity analysis is presented.

Currency risk

The Group's major monetary assets and liabilities are denominated in the functional currencies of the respective group entities, except for certain balances denominated in HK$ of a group entity with United States dollar ("US$") as its functional currency. The directors consider the currency risk of HK$ is insignificant to the Company as HK$ is pegged with US$. Accordingly, no sensitivity analysis is presented.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2013 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The management closely monitors the subsequent settlement of the debts and does not grant long credit period to customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

5. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate % per annum	**Less than 1 year HK$'000**	**Total undiscounted cash flows HK$'000**	**Total carrying amount HK$'000**
As at 31 March 2013				
Trade payables	—	**13,409**	**13,409**	**13,409**
Other payables and accruals	—	**2,098**	**2,098**	**2,098**
		15,507	**15,507**	**15,507**

	Weighted average interest rate % per annum	Less than 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2012				
Trade payables	—	14,082	14,082	14,082
Other payables and accruals	—	3,874	3,874	3,874
		17,956	17,956	17,956

Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. Revenue and Segment Information

Revenue

Revenue represents the amounts received and receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Segment information

The Group operates and manages its business as a single segment that includes primarily the jewelry design, manufacture and wholesale business. The executive directors, the Group's chief operating decision makers, only review the revenue from continuing and discontinued operations derived from customers in different geographical locations when making decisions about allocating resources and assessing performance of the Group. As no other discrete financial information is available for the assessment of performance of the different locations, no other segment information is presented.

After the distribution in specie as disclosed in note 9, the revenue derived from the Group's continuing operations was solely from the customers in the PRC (excluding Hong Kong).

Information about major customers

Revenue from customers of the corresponding years from continuing operations contributing over 10% of the total sales of the Group are as follows:

	2013 **HK$'000**	2012 HK$'000
Customer A	**N/A+**	8,551
Customer B	**N/A+**	8,101

\+ Revenue below 10% of total sales for the respective period is not disclosed.

No individual customer contributed over 10% of the total sales of the Group for the year ended 31 March 2013.

6. Revenue and Segment Information (Continued)

Geographical information

The Group's operations are currently carried out in the PRC (excluding Hong Kong), the country of domicile, and Hong Kong.

All the revenue was derived from the customers in the PRC.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	2013 HK$'000	2012 HK$'000
PRC	12,559	13,496
HK	24	13
	12,583	13,509

Note: Non-current assets excluded rental deposits.

7. Other Gains and Losses

	2013 HK$'000	2012 HK$'000
Loss on disposal of property, plant and equipment	(20)	(925)
Written off of amount due to a related company	—	990
Written off of other payables and accruals	688	—
Net exchange gain	278	1,568
	946	1,633

8. Taxation

No provision for Hong Kong Profits Tax had been made as the Group had no assessable profit for both years.

Hong Kong Profits Tax is calculated at 16.5% for the year.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for PRC EIT has been made for the Group's PRC subsidiary as the PRC subsidiary has no assessable profit for both years.

8. Taxation (Continued)

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2013 HK$'000	2012 HK$'000
Loss before taxation (from continuing operations)	**(31,123)**	(7,444)
Taxation at the Enterprise Income Tax rate of 25%	**(7,781)**	(1,861)
Tax effect of income not taxable for tax purpose	**(7)**	(163)
Tax effect of expenses not deductible for tax purpose	**3,733**	1,878
Effect of different tax rates of subsidiaries operating in other jurisdictions	**2,256**	690
Tax effect of tax losses not recognised	**1,799**	1,550
Others	**—**	(2,094)
Taxation for the year	**—**	—

9. Discontinued Operations

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

(i) As part of the Group Reorganisation, a wholly-owned subsidiary of the Company, Noble Jewelry Investment Limited (the "Privateco"), acquired certain subsidiaries of the Company by issuing shares to the Company.

All the shares of the Privateco then held by the Company were distributed in specie (the "Distribution in Specie") to the shareholders of the Company on the basis of one share of the Privateco for one share of the Company held. The Privateco and its subsidiaries (the "Privateco Group") continue to carry on the jewelry design, manufacture, wholesale and retail businesses in geographical locations other than the PRC (excluding Hong Kong) (the "Distributed Business"). The Group retained the operation and business in the PRC (excluding Hong Kong) (the "Retained Business"). The Group also terminated its PRC retail business (the "Ceased Business") in the Retained Business in accordance with the Share Sale Agreement.

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

The Company continues to be a publicly listed company with its subsidiaries concentrating on the jewelry design, manufacture and wholesale business in the PRC.

9. Discontinued Operations (Continued)

(ii) (Continued)

Subsequent to the Transactions on the Date of Distribution, the Privateco Group has no longer formed part of the Group. At the same time, the shares held by certain shareholders of the Company that constitute 72.05% of issued share capital of the Company were then sold to RRCL and RRCL has become a holding company of the Company.

The Distributed Businesses and the Ceased Business were classified as discontinued operations and the related results for the period from 1 April 2011 to 21 November 2011, which have been included in the consolidated statement of comprehensive income, were as follows:

	HK$'000
Revenue	413,243
Cost of sales	(288,872)
Gross profit	124,371
Other income	3,895
Other gains and losses	2,627
Distribution costs	(25,040)
Administrative expenses	(70,982)
Settlement of the dispute with the US Customs Service (Note)	(16,187)
Finance costs	(5,316)
Share of profits of associates	4,323
Profit before taxation	17,691
Taxation	(1,741)
Profit for the year from discontinued operations	15,950
Profit attributable to	
— owners of the Company	17,563
— non-controlling interests	(1,613)
	15,950

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

9. Discontinued Operations (Continued)

(ii) (Continued)

Profit for the year from discontinued operations include the followings:

	2012 HK$'000
Auditor's remuneration	1,188
Depreciation of property, plant and equipment	5,763
Operating lease payments in respect of rented properties	554
Staff costs (including directors' remuneration):	
Salaries and allowances and benefits	57,491
Retirement benefit scheme contributions	3,542
	61,033
Cost of inventories recognised as an expense (including write-down of inventories of HK$256,000)	288,872
Allowance for bad and doubtful debts	4,932
Bad debts written off	1,314
Interest income	(24)
Fair value gain on the insurance contract	(130)
Fair value loss on derivative financial instruments	608
Impairment loss on goodwill of an associate	233
Gain on disposal of property, plant and equipment	(5,764)

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

	HK$'000
Property, plant and equipment	49,156
Interests in associates	82,686
Other assets	2,291
Deferred tax assets	1,478
Inventories	314,557
Trade receivables	152,180
Other receivables, deposits and prepayments	20,093
Amounts due from related parties	28,585
Bank balances and cash	21,268
Borrowings	(216,760)
Trade payables	(89,235)
Other payables and accruals	(75,600)
Amounts due to related parties	(41,964)
Derivative financial instruments	(639)
Tax payables	(6,711)
Net assets distributed	241,385
Add: net liabilities attributable to non-controlling interests	1,613
Distribution in specie to the owners of the Company	242,998

9. Discontinued Operations (Continued)

(ii) (Continued)

Analysis of the net cash flows from the Distributed Business and Ceased Business for the year ended 31 March 2012 are set out below:

	HK$'000
Net cash used in operating activities	(31,093)
Net cash from investing activities	26,780
Net cash from financing activities	19,697

10. (Loss) Profit for the Year

	2013 HK$'000	2012 HK$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Continuing operations		
Auditor's remuneration	620	980
Depreciation of property, plant and equipment	756	1,311
Operating lease payments in respect of rented properties	1,138	484
Staff costs (including directors' remuneration):		
Salaries and allowances and benefits	12,029	7,684
Retirement benefit scheme contributions	668	326
Share-based payment	12,709	—
	25,406	8,010
Cost of inventories recognised as an expense	68,889	62,394
Expenses in relation to Group Reorganisation (included in other expenses)	—	5,000
Interest income	(37)	(51)
Gross rental income from leasing certain areas of leasehold land and buildings of which more than an insignificant portion is occupied and used by the Group	(428)	(153)
Less: Direct operating expenses incurred for leasehold land and buildings that generated rental income	289	136
	(139)	(17)

11. Directors' and Chief Executive's Emoluments and Employees' Emoluments

Directors' and the chief executive's emoluments

For the year ended 31 March 2013

	Notes	Directors' fees HK$'000	Salaries and other benefits HK$'000	Bonus* HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payment HK$'000	Total HK$'000
Executive directors							
Mr. Wu Hao	(i)	200	—	—	—	1,860	2,060
Mr. Hu Yangjun	(ii)	200	—	—	—	1,860	2,060
Mr. Hu Yishi	(ii)	200	—	—	—	1,860	2,060
Mr. Chan Wing Yuen, Hubert	(ii)	200	1,950	—	135	1,860	4,145
Non-executive director							
Mr. Li Wei Qi, Jacky	(ii)	200	—	—	—	1,860	2,060
Independent non-executive directors							
Mr. Wu Chi Keung	(ii)	200	—	—	—	184	384
Mr. Heung Chee Hang, Eric	(ii)	200	—	—	—	184	384
Ms. Kwok Pui Ha	(ii)	200	—	—	—	184	384
Total emoluments		1,600	1,950	—	135	9,852	13,537

11. Directors' and Chief Executive's Emoluments and Employees' Emoluments (Continued)

Directors' and the chief executive's emoluments (Continued)

For the year ended 31 March 2012

	Notes	Directors' fees HK$'000	Salaries and other benefits HK$'000	Bonus* HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payment HK$'000	Total HK$'000
Executive directors							
Mr. Wu Hao	(i)	27	—	—	—	—	27
Mr. Hu Yangjun	(ii)	68	—	—	—	—	68
Mr. Hu Yishi	(ii)	68	—	—	—	—	68
Mr. Chan Wing Yuen, Hubert	(ii)	68	610	—	5	—	683
Mr. Chan Yuen Hing	(iii)	—	5,976	—	8	—	5,984
Mr. Tang Chee Kwong	(iii)	—	1,720	187	9	—	1,916
Mr. Chan Wing Nang	(iv)	—	—	—	—	—	—
Mr. Tsang Wing Ki	(iii)	—	539	93	9	—	641
Mr. Lai Wang	(iii)	—	130	—	—	—	130
Ms. Chan Lai Yung	(iii)	—	259	49	9	—	317
Mr. Seitawan Tan Budi	(iii)	—	432	71	9	—	512
Non-executive director							
Mr. Li Wei Qi, Jacky	(ii)	68	—	—	—	—	68
Independent non-executive directors							
Mr. Wu Chi Keung	(ii)	68	—	—	—	—	68
Mr. Heung Chee Hang, Eric	(ii)	68	—	—	—	—	68
Ms. Kwok Pui Ha	(ii)	68	—	—	—	—	68
Mr. Chan Cheong Tat	(iii)	112	—	—	—	—	112
Mr. Yu Ming Yang	(iii)	75	—	—	—	—	75
Mr. Tang Chiu Ming Frank	(iii)	75	—	—	—	—	75
Total		765	9,666	400	49	—	10,880

* The bonus was determined on a discretionary basis with reference to the individual's performance.

Notes:

(i) Director appointed on 13 February 2012

(ii) Director appointed on 29 November 2011

(iii) Director resigned on 20 December 2011

(iv) Director resigned on 1 April 2011

11. Directors' and Chief Executive's Emoluments and Employees' Emoluments (Continued)

Directors' and the chief executive's emoluments (Continued)

Chan Wing Yuen, Hubert is also the Chief Executive of the Company. Before the appointment of Chan Wing Yuen, Hubert, Tang Chee Kwong was the Chief Executive of the Company. Their emoluments disclosed above include those for services rendered by them as the Chief Executive.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remuneration during the year.

Employees' emoluments

Of the five highest paid individuals of the Group, five (2012: four) are directors, details of the emoluments are set out in above. The emoluments of the remaining one highest paid individual for 2012 were as follows:

	2013 **HK$'000**	2012 HK$'000
Salaries and other benefits	—	1,019
Retirement benefit scheme contributions	—	8
	—	1,027

His emoluments was within the following bands:

	2013 **No. of employee**	2012 No. of employee
HK$1,000,001 to HK$1,500,000	—	1

During the year, no emoluments were paid by the Group to the above-mentioned individuals as an inducement to join the Group or as compensation for loss of office.

12. (Loss) Earnings Per Share

For continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2013 HK$'000	2012 HK$'000
(Loss) profit for the purposes of basic and diluted loss per share	**(31,123)**	10,119

	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**273,610,000**	272,702,000

The computation of diluted loss per share from continuing and discontinued operations for the year ended 31 March 2013 does not assume the exercise of share options since it would result in a decrease in loss per share from continuing and discontinued operations.

The computation of diluted earnings per share did not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the year ended 31 March 2012.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2013 HK$'000	2012 HK$'000
(Loss) profit for the year attributable to owners of the Company	**(31,123)**	10,119
Less:		
Profit for the year from discontinued operations attributable to owners of the Company	**—**	(17,563)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(31,123)**	(7,444)

The denominators used are the same as those detailed above for basic and diluted (loss) earnings per share from continuing and discontinued operations.

12. (Loss) Earnings Per Share (Continued)

From discontinued operations

The calculation of the basic and diluted earnings per share from discontinued operation attributable to the owners of the Company is based on the following data:

	2013 HK$'000	2012 HK$'000
Profit for the year from discontinued operations attributable to owners of the Company	—	17,563
Earnings per share from discontinued operations attributable to owners of the Company Basic (HK cents)	—	6.44
Diluted (HK cents)	—	6.44

The denominators used are the same as those detailed above for basic and diluted loss per share from continuing and discontinued operations.

13. Dividends

No dividend was paid or proposed during the year ended 31 March 2013, nor has any dividend been proposed since the end of the reporting period.

Except for the distribution in specie in note 9, no dividend was paid, declared or proposed during the year ended 31 March 2012.

14. Property, Plant and Equipment

	Leasehold land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST OR VALUATION					
At 1 April 2011	64,571	30,557	57,316	3,409	155,853
Additions	—	985	1,567	3	2,555
Disposals	(23,596)	(3,043)	(11,941)	(180)	(38,760)
Exchange realignments	1,052	554	384	55	2,045
Distribution in specie	(29,362)	(27,105)	(44,417)	(3,287)	(104,171)
At 31 March 2012	12,665	1,948	2,909	—	17,522
Additions	—	—	100	—	100
Deficit on valuation	(1,258)	—	—	—	(1,258)
Disposal	—	—	(37)	—	(37)
Exchange realignments	184	28	42	—	254
At 31 March 2013	11,591	1,976	3,014	—	16,581
Comprising:					
At cost	—	1,976	3,014	—	4,990
At valuation	11,591	—	—	—	11,591
	11,591	1,976	3,014	—	16,581
DEPRECIATION					
At 1 April 2011	217	13,303	46,043	2,654	62,217
Provided for the year	1,334	3,551	1,944	245	7,074
Disposals	(496)	(2,293)	(7,770)	(59)	(10,618)
Exchange realignments	5	166	151	33	355
Distribution in specie	(706)	(13,202)	(38,234)	(2,873)	(55,015)
At 31 March 2012	354	1,525	2,134	—	4,013
Provided for the year	457	99	200	—	756
Eliminated on revaluation	(822)	—	—	—	(822)
Disposals	—	—	(17)	—	(17)
Exchange realignments	11	24	33	—	68
At 31 March 2013	—	1,648	2,350	—	3,998
CARRYING VALUES					
At 31 March 2013	11,591	328	664	—	12,583
At 31 March 2012	12,311	423	775	—	13,509

14. Property, Plant and Equipment (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over shorter of 50 years or the terms of lease
Leasehold improvements	Over shorter of 5 years or the terms of lease
Furniture, fixtures and equipment	20%
Motor vehicles	30%

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

The leasehold land and buildings of the Group were valued on 31 March 2013 by Avista Valuation Advisory Limited, Chartered Surveyors, on an open market value basis by reference to comparable market transactions for similar properties. Avista Valuation Advisory Limited is not connected with the Group.

The fair value of the leasehold land and buildings at 31 March 2012 was assessed by the directors with reference to market price with similar leasehold land and buildings, which approximated the carrying amount.

If the land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation of HK$10,706,000 (2012: HK$10,998,000).

15. Inventories

	2013 **HK$'000**	2012 HK$'000
Raw materials	**9,197**	11,946
Work in progress	**1,300**	5,304
Finished goods	**8,542**	8,787
	19,039	26,037

16. Trade and Other Receivables, Deposits and Prepayments

	2013 HK$'000	2012 HK$'000
Trade receivables	**10,076**	13,765

The following is an aged analysis of trade receivables based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2013 HK$'000	2012 HK$'000
Within 1 month	**4,103**	3,826
Over 1 month but within 3 months	**4,077**	4,748
Over 3 months but within 6 months	**1,828**	5,191
Over 6 months but within 12 months	**68**	—
	10,076	13,765

As at 31 March 2013, the Group allowed a credit period ranging from 60 to 180 days to its customers. Included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately HK$2,262,000 (2012: HK$7,001,000), which were past due at the end of the reporting period for which the Group had not provided for impairment loss as there had not been a significant change on credit quality and the amounts are still considered recoverable. The Group did not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2013 HK$'000	2012 HK$'000
Past due within 1 month	**1,056**	2,731
Past due over 1 month but within 3 months	**1,160**	2,697
Past due over 3 months but within 6 months	**46**	1,573
	2,262	7,001

Movement in the allowance for doubtful debts

	2013 HK$'000	2012 HK$'000
1 April	**—**	11,537
Impairment loss recognised on receivables	**—**	4,932
Exchange realignment	**—**	1
Distribution in specie	**—**	(16,470)
31 March	**—**	—

Other receivables

Other receivables are unsecured, interest free and expected to be recoverable within one year.

17. Bank Balances and Cash

The amounts included short-term deposits with an original maturity of three months or less. Bank deposits carried interest at prevailing market interest rates at 0.001% to 0.5% (2012: 0.001% to 0.5%) per annum.

18. Trade and Other Payables and Accruals

The following is an aged analysis of accounts payable presented based on the invoice date at the end of the reporting period.

	2013	2012
	HK$'000	HK$'000
Within 1 month	**1,974**	1,160
Over 1 month but within 3 months	**7,177**	12,922
Over 3 months but within 6 months	**4,192**	—
Over 6 months but within 12 months	**66**	—
	13,409	14,082

The average credit period on purchase of goods is 180 days.

Other payables and accruals comprise principally the outstanding for ongoing costs and accrued expenses for the operation of the Group.

19. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each		**Nominal value**	
	2013	2012	**2013**	2012
			HK$'000	HK$'000
Authorised:				
At beginning and end of the year	**10,000,000,000**	10,000,000,000	**100,000**	100,000
Issued and fully paid:				
At beginning of the year	**273,610,000**	271,700,000	**2,736**	2,717
Exercise of share options *(note)*	**—**	1,910,000	**—**	19
At end of the year	**273,610,000**	273,610,000	**2,736**	2,736

Note: During the year ended 31 March 2012, 1,910,000 ordinary shares at par value of HK$0.1 each were issued as a result of exercise of share options at exercise prices of HK$1.27. These shares rank pari passu in all respects with other shares in issue.

20. Share Options 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 Company 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 Company or invested entity; and (iv) advisers and consultants who are members of the Company's advisory boards and other persons engaged as long term advisers or consultants to the Group.

The Share Option Scheme became effective on 26 February 2007 and, unless otherwise cancelled or amended, will remain in force for a period of ten years to 25 February 2017. HK$10.00 is payable by each eligible participant to the Company on acceptance of the grant of an option.

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

The exercise price of the share options is determined 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.

The following table discloses details of the options held by directors and employees and movements in such holdings during the year ended 31 March 2012.

20. Share Options Scheme (Continued)

Grantee	Date of grant	Exercise price HK$	Exercisable period	Number of options: Outstanding at 1 April 2011	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at 31 March 2012
Directors	1.2.2008	1.27	1.2.2010 to 31.1.2012	500,000	—	(325,000)	(175,000)	—
	1.2.2008	1.27	1.2.2011 to 31.1.2012	500,000	—	(325,000)	(175,000)	—
Employees	1.2.2008	1.27	1.2.2010 to 31.1.2012	630,000	—	(630,000)	—	—
	1.2.2008	1.27	1.2.2011 to 31.1.2012	630,000	—	(630,000)	—	—
				2,260,000	—	(1,910,000)	(350,000)	—

The following table discloses details of the options held by directors, employees and other eligible participants and movements in such holdings during the year ended 31 March 2013.

Grantee	Date of grant	Exercise price HK$	Exercise period	Number of options: Outstanding at 1 April 2012	Granted during the year	Outstanding at 31 March 2013
Directors	27.6.2012	1.53	27.6.2012 to 30.12.2016	—	14,490,000	14,490,000
Employees	27.6.2012	1.53	27.6.2012 to 30.12.2016	—	4,200,000	4,200,000
Other grantees*	27.6.2012	1.53	27.6.2012 to 30.12.2016	—	5,400,000	5,400,000
				—	24,090,000	24,090,000

* Other grantees represent independent consultants who have provided administrative consultancy services to the Group after the Group Reorganisation. These share options were granted by the Company without entering into formal service agreements with these consultants. In the opinion of the directors of the Company, these share options were granted to the consultants for rendering miscellaneous services to the Group, including but not limited to consultancy services in respect of identification of potential investment opportunities and lining-up business connections for the Group. The Group granted share options to them for recognizing their efforts. Since their services are such unique that the fair value cannot be reliably measured, the services received are measured by reference to the fair value of share options granted.

In respect of the share options exercised during the year ended 31 March 2012, the weighted average share price at the dates of exercise was HK$1.57.

20. Share Options Scheme (Continued)

The Company granted 24,090,000 share options on 27 June 2012 during the year. The options granted are all vested at the date of grant and exercisable during the period from 27 June 2012 to 30 December 2016.

The fair value of the options determined at the date of grant using the Binomial model was approximately HK$16,381,000.

The closing price of the Company's shares immediately before 27 June 2012, the date of grant, was HK$1.53.

The following assumptions were used to calculate the fair value of the share option at grant date:

Grant date share price	HK$1.53
Exercise price	HK$1.53
Expected life	4.5 years
Expected volatility	55%
Dividend yield	0%
Risk-free interest rate	0.352%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK$16,381,000 (2012: nil) for the year ended 31 March 2013 in relation to share options granted by the Company during the year.

The Binomial option pricing model requires the input of highly subjective assumptions, including the volatility of share price. The changes in subjective input assumptions could materially affect the fair value estimate.

21. Deferred Taxation

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	Provision HK$'000	Revaluation of properties HK$'000	Other HK$'000	Total HK$'000
At 1 April 2011	(338)	178	(2,099)	1,242	(1,017)
Credit to profit or loss	387	225	—	42	654
Credit to equity	—	—	1,574	—	1,574
Exchange realignments	—	—	(36)	—	(36)
Distribution in specie	(49)	(403)	258	(1,284)	(1,478)
At 31 March 2012	—	—	(303)	—	(303)
Credit to equity	—	—	109	—	109
Exchange realignments	—	—	(4)	—	(4)
At 31 March 2013	—	—	(198)	—	(198)

21. Deferred Taxation (Continued)

At the end of the reporting period, the Group has unused tax losses of HK$22,775,000 (2012: HK$14,234,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$18,465,000 (2012: HK$13,881,000) that will expire in 5 years from the year of origination which is ranging from 2014 to 2018. Other losses may be carried forward indefinitely.

22. Operating Lease Commitments

The Group as lessor

The Group sub-leased its leasehold land and buildings under operating lease arrangements, with leases negotiated for a term of one year.

At the end of reporting period, the Group had contracted with tenants for the following total future minimum lease payments.

	2013 **HK$'000**	2012 HK$'000
Within one year	**71**	—

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum payments under non-cancellable operating leases in respect of rented properties which fall due as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**1,961**	293
In the second to fifth year inclusive	**3,475**	562
Over five years	**319**	253
	5,755	1,108

Leases are negotiated for terms ranging from two to ten years and rentals are fixed for the lease terms.

23. Retirement Benefits Scheme

Since 1 December 2000, the Group has operated pension schemes under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately in an independently managed fund. Contributions are made based on a percentage of the employee's salaries and are charged to the consolidated statement of comprehensive income as incurred in accordance with the rules of the MPF scheme.

23. Retirement Benefits Scheme (Continued)

The employees of the Group's subsidiary in PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligations of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the consolidated statement of comprehensive income of HK$668,000 (2012: HK$3,868,000) represents contributions paid to the schemes by the Group at rates specified in the rules of the schemes.

24. Related Party Transactions

(a) During the year ended 31 March 2012, the Group had entered into the following related party transactions:

	2012
	HK$'000
Sales to related companies	9,730
Management fees received from a related company	160
Rental, utilities charges and building management fee paid to related companies	(3,263)
Interest income from a shareholder of a subsidiary with significant influence	147

Note:

Related companies represented the entities in which the former directors and former controlling shareholders have controlling interests.

There were no such related party transactions during the year ended 31 March 2013.

(b) Compensation of key management personnel

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

	2013	2012
	HK$'000	HK$'000
Directors' fee, salaries and other short-term employee benefits	**4,135**	11,316
Retirement benefit scheme contributions	**150**	57
Share-based payments	**10,057**	—
	14,342	11,373

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

25. Particulars of Subsidiaries of the Company

Details of the subsidiaries of the Company as at 31 March 2013 and 2012 are as follows:

Name of subsidiary	Country/place of incorporation or registration	Principal place of operation	Nominal value of issued/ registered capital		Proportion of nominal value of issued/ registered capital held by the Group		Principal activities
			2013	2012	**2013**	2012	
First Corporate International Limited*	British Virgin Islands ("BVI")	Hong Kong	**US$1**	US$1	**100%**	100%	Investment holding
Nation Power Group Limited*	BVI	Hong Kong	**US$100**	US$100	**100%**	100%	Investment holding
Sinoble Jewelry Limited	Hong Kong	Hong Kong	**HK$1**	HK$1	**100%**	100%	Investment holding and acting as purchase agent
廣州市億恒珠寶有限公司 *(Note 1)*	PRC	PRC	**HK$30,000,000** *(Note 2)*	HK$64,500,000	**100%**	100%	Jewelry design, manufacture and wholesale business
Noble Jewelry Holdings Limited *(Note 3)*	Hong Kong	Hong Kong	**HK$1**	—	**100%**	—	Inactive
Guo Rong Holdings Limited	Hong Kong	Hong Kong	**HK$1**	HK$1	**100%**	100%	Not yet commence business

* Directly held by the Company.

Notes:

(1) Registered as a wholly-owned foreign enterprise.

(2) There is a reduction of registered capital during the year.

(3) This company was incorporated during the year.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

FIVE YEARS FINANCIAL SUMMARY

Results

	For the year ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**75,770**	487,601	643,399	521,328	631,947
(Loss) profit before taxation	**(31,123)**	10,247	10,178	7,921	5,599
Taxation	**—**	(1,741)	(4,405)	(4,870)	(4,269)
(Loss) profit for the year	**(31,123)**	8,506	5,773	3,051	1,330
(Loss) profit attributable to owners of the Company	**(31,123)**	10,119	7,613	3,140	1,330

Assets and Liabilities

	As at 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**13,082**	13,509	170,964	118,927	114,240
Current assets	**39,484**	57,153	538,777	444,875	396,670
Current liabilities	**(15,723)**	(18,464)	(433,398)	(304,712)	(256,543)
Net current assets	**23,761**	38,689	105,379	140,163	140,127
Total assets less current liabilities	**36,843**	52,198	276,343	259,090	254,367
Non-current liabilities	**(198)**	(303)	(1,017)	—	(40)
Net assets	**36,645**	51,895	275,326	259,090	254,327

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

INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2013 HK$'000	2012 HK$'000
Unlisted investments in subsidiaries	—	1
Amount due from subsidiaries	35,275	16,204
Other current assets	—	62,427
Bank balances	716	128
Total assets	35,991	78,760
Less: liabilities	719	28,981
Net assets	35,272	49,779
Capital and reserves		
Share capital *(see note 19)*	2,736	2,736
Reserves *(Note)*	32,536	47,043
Total equity	35,272	49,779

Note:

Reserves of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2011	79,836	148,326	—	(198)	227,964
Exercise of share options	2,407	—	—	—	2,407
Total comprehensive expense for the year	—	—	—	(7,668)	(7,668)
Distribution in Specie	(50,000)	(125,660)	—	—	(175,660)
At 31 March 2012	32,243	22,666	—	(7,866)	47,043
Equity settled share-based payment	—	—	16,381	—	16,381
Total comprehensive expense for the year	—	—	—	(30,888)	(30,888)
At 31 March 2013	32,243	22,666	16,381	(38,754)	32,536