MING FUNG JEWELLERY GROUP LIMITED
明豐珠寶集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 860)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2010

ANNUAL RESULTS

The board of directors (the "Board") of Ming Fung Jewellery Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 September 2010, together with the comparative figures for the year ended 30 September 2009, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 30 September 2010

	Notes	**2010** HK$'000	2009 HK$'000
TURNOVER	3	**730,410**	679,342
COST OF SALES		**(518,660)**	(459,574)
GROSS PROFIT		**211,750**	219,768
OTHER REVENUE	4	**1,011**	927
SELLING AND DISTRIBUTION EXPENSES		**(47,181)**	(96,852)
ADMINISTRATIVE EXPENSES		**(51,567)**	(88,228)
PROFIT FROM OPERATING ACTIVITIES	6	**114,013**	35,615
FINANCE COSTS	7	**(2,672)**	(7,329)
PROFIT BEFORE TAX		**111,341**	28,286
TAX	8	**(22,662)**	(14,445)
PROFIT FOR THE YEAR		**88,679**	13,841
OTHER COMPREHENSIVE INCOME:			
Exchange difference arising on translation of foreign operations		**13,127**	704
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**101,806**	14,545

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 30 September 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		**88,979**	13,841
Non-controlling interests		**(300)**	–
		88,679	13,841
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		**99,799**	14,545
Non-controlling interests		**2,007**	–
		101,806	14,545
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS	*10*		
			(Restated)
Basic		**HK4.53 cents**	HK0.91 cents
			(Restated)
Diluted		**HK4.16 cents**	HK0.83 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Mining rights		**324,290**	–
Exploration and evaluation assets		**100,013**	–
Property, plant and equipment		**43,552**	60,284
		467,855	60,284
CURRENT ASSETS			
Inventories		**628,876**	494,570
Trade receivables	*11*	**228,048**	194,293
Prepayments, deposits and other receivables		**27,517**	27,186
Cash and cash equivalents		**216,832**	211,144
		1,101,273	927,193
CURRENT LIABILITIES			
Trade payables	*12*	**11,379**	10,177
Other payables and accruals		**6,678**	6,369
Secured interest bearing bank borrowings		**3,545**	214,890
Tax payables		**78,751**	77,274
		100,353	308,710
NET CURRENT ASSETS		**1,000,920**	618,483
NET ASSETS		**1,468,775**	678,767
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		**24,986**	9,578
Reserves		**1,295,114**	669,189
		1,320,100	678,767
NON-CONTROLLING INTERESTS		**148,675**	–
		1,468,775	678,767

Notes:

1. **BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standard ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention with the exception of certain assets and liabilities, which (where appropriate) were measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are or have become effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendments to HKFRS 2, HKAS 38, paragraph 80 of HKAS 39, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

Except as described below, the application of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments.

HKAS 23 (Revised) Borrowing Costs

In previous years, the Group expensed all borrowing costs when they were incurred. HKAS 23 (Revised) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised) has resulted in the Group changing its accounting policy to capitalise all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the qualifying asset.

The application of HKAS 23 (Revised) had no material effect on the consolidated financial statements of the Group.

HKFRS 3 (Revised) Business Combinations

HKAS 27 (Revised) Consolidated and Separate Financial Statements

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 October 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 October 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior years.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 32 (Amendment)	Classification of Rights Issues[3]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[4]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[1]

HKFRS 9	Financial Instruments[6]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]

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

The directors of the Company ("Directors") anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and after eliminations of all significant intra-group transactions during the year.

4. OTHER REVENUE

	2010	2009
	HK$'000	*HK$'000*
Interest income	**932**	906
Others	**79**	21
	1,011	927

5. SEGMENT INFORMATION

HKFRS 8 "Operating Segments" replaces HKAS 14 "Segment Reporting" with effect from 1 October 2009, HKFRS 8 is a disclosure standard that requires that disclosure of information about the Group's operating segments. It replaces the requirements under HKAS 14 to determine the primary (business) and secondary (geographical) reporting operating segments of the Group. Adoption of this standard did not have any effect on the Group's results of operations or financial position. The Group has determined that the operating segments are substantially the same as the business segments previously identified under HKAS 14.

The Group's operating segments are structured and managed separately according to the nature of their operations and the products they provided. Each of the Group's operating segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(a) Exports segment is export of manufactured jewellery products on ODM or OEM basis;

(b) Domestic segment is trading of jewellery products for the Group's retail and wholesale business in Mainland China; and

(c) Mining segment comprised the mining, exploration and sale of gold resources.

(i) Operating segments

The following table presents revenue and results for the Group's operating segments:

For the year ended 30 September 2010:

	Exports *HK$'000*	**Domestic** *HK$'000*	**Mining** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue:				
Sales to external customers	293,124	437,286	–	730,410
Segment results	45,134	102,169	(2,160)	145,143
Unallocated revenue				1,011
Unallocated expenses				(32,141)
Profit from operating activities				114,013
Finance costs				(2,672)
Profit before tax				111,341
Tax				(22,662)
Profit for the year				88,679
Segment assets	771,892	153,528	425,614	1,351,034
Unallocated assets	–	–	–	218,094
Total assets	771,892	153,528	425,614	1,569,128
Segment liabilities	4,921	9,181	901	15,003
Unallocated liabilities	–	–	–	85,350
Total liabilities	4,921	9,181	901	100,353
Other segment information:				
Depreciation	7,630	269	–	7,899
Capital expenditure	–	–	417,763	417,763

(i) Operating segments (continued)

For the year ended 30 September 2009:

	Exports *HK$'000*	Domestic *HK$'000*	Mining *HK$'000*	Consolidated *HK$'000*
Segment revenue:				
Sales to external customers	332,997	346,345	–	679,342
Segment results	31,986	67,817	–	99,803
Unallocated revenue				927
Unallocated expenses				(65,115)
Profit from operating activities				35,615
Finance costs				(7,329)
Profit before tax				28,286
Tax				(14,445)
Profit for the year				13,841
Segment assets	384,765	390,966	–	775,731
Unallocated assets	–	–	–	211,746
Total assets	384,765	390,966	–	987,477
Segment liabilities	5,578	6,762	–	12,340
Unallocated liabilities	–	–	–	296,370
Total liabilities	5,578	6,762	–	308,710
Other segment information:				
Depreciation	7,559	4,796	–	12,355
Capital expenditure	12	–	–	12

(ii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, mining rights and exploration and evaluation assets ("specified non-current assets"). The Group's revenue from external customers by geographical markets and information about its specified non-current assets by geographical location of the assets are detailed below:

	United States		**Europe**		**Middle East and Asia**		**Consolidated**	
	2010 ***HK$'000***	2009 *HK$'000*	**2010** ***HK$'000***	2009 *HK$'000*	**2010** ***HK$'000***	2009 *HK$'000*	**2010** ***HK$'000***	2009 *HK$'000*
Revenue from external customers	**106,155**	127,205	**116,198**	143,855	**508,057**	408,282	**730,410**	679,342
Specified non-current assets	**6,330**	11,288	**6,928**	12,766	**454,597**	36,230	**467,855**	60,284

There are no revenue from any single external customers that contributed over 10% on the total sales of the Group during the years ended 30 September 2010 and 2009.

6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories sold	**518,660**	459,574
Depreciation	**7,899**	12,355
Loss on disposal of property, plant and equipment	**9,170**	9,291
Net foreign exchange (gain)/loss	**(418)**	48
Share-based payment expenses	**20,009**	51,366
Minimum lease payments under operating leases on leasehold land and buildings	**647**	34,807
Staff costs (excluding directors' remuneration):		
Wages and salaries	**8,939**	18,714
Share-based compensation	**–**	8,900
Retirement benefits scheme contributions	**409**	874
	9,348	28,488
Auditor's remuneration	**2,200**	2,050

7. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on interest bearing bank overdrafts, trust receipt loans and other interest bearing bank loans wholly repayable within 5 years	**2,672**	7,329

8. TAX

The amount of tax charged to the consolidated statement of comprehensive income represents:

	2010	2009
	HK$'000	*HK$'000*
Current year provision:		
Hong Kong profits tax	**–**	–
Overseas taxation	**22,662**	14,445
Tax charge for the year	**22,662**	14,445

(a) No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong.

(b) Overseas taxation is related to PRC tax which has been provided at the applicable income tax rate on the assessable profits based on existing legislation, interpretations and practices in respect thereof.

No provision for deferred taxation has been made as the Group did not have any significant unprovided deferred taxation in respect of the year (2009: Nil).

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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 Group's subsidiaries in the PRC is 25% from 1 January 2008 onwards.

9. DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the year ended 30 September 2010 (2009: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the consolidation of shares during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary shareholders of the Company adjusted to reflect the interest on the convertible bonds, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, as adjusted for the consolidation of shares during the year.

The calculations of basic and diluted earnings per share amounts are based on:

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary shareholders of the Company, used in the basic and diluted earnings per share calculation	**88,679**	13,841

	Number of shares	
	2010	2009
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,957,978,829**	1,524,257,633
Effect of dilution – weighted average number of ordinary shares:		
Warrants	**–**	71,140,509
Share options	**171,523,262**	79,651,250
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**2,129,502,091**	1,675,049,392

The weighted average number of ordinary shares adopted in calculation of the basic earnings per share and diluted earnings per share for 2010 and 2009 have been adjusted to reflect the bonus shares issued during the year.

11. TRADE RECEIVABLES

The Group normally allows credit terms to established customers ranging from 30 to 120 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the date of recognition of the sale, is as follows:

	2010	2009
	HK$'000	*HK$'000*
1 – 30 days	**86,367**	73,148
31 – 60 days	**76,864**	62,853
61 – 90 days	**64,817**	38,748
91 – 120 days	**–**	19,544
	228,048	194,293

An aging analysis of the trade receivables that are not considered to be impaired is as follows:

	2010	2009
	HK$'000	*HK$'000*
Neither past due nor impaired	**228,048**	194,293

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

12. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 120 days from its suppliers.

An aging analysis of the trade payables as at the end of the reporting period, based on the date of receipt of goods purchased, is as follows:

	2010	2009
	HK$'000	*HK$'000*
1 – 30 days	**11,379**	9,703
31 – 60 days	**–**	186
61 – 90 days	**–**	282
91 – 180 days	**–**	6
	11,379	10,177

13. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the end of the reporting period (2009: Nil).

The Company has given guarantees in favour of certain banks to the extent of approximately HK$50,000,000 (2009: HK$236,250,000) in respect of banking facilities granted to certain subsidiaries of the Company. As at 30 September 2010, the banking facilities utilised by these subsidiaries amounted to approximately HK$3,545,000 (2009: HK$214,890,000).

CHAIRMAN'S STATEMENT

2010 proved to be another challenging yet fruitful year for the Group. We began the year in the midst of the economic meltdown. In order to stay stable and respond to market conditions, management continues to focus on the huge demand from the domestic market.

Performance Review

Anticipating the tough operating environment of the fiscal year ended 30 September 2010, the Group swiftly reworked its corporate strategies and targets. With the export markets in the US and Europe weakening and decreasing sales orders, the Group maintained its stability by responding to market conditions nimbly and looked for more opportunities from the domestic jewellery market.

Driven by the huge domestic demand of luxury jewellery products, the Group's domestic sales reached to a record high of approximately HK$437.3 million, representing an increase of 26.3% as compare to approximately HK$346.3 million in the previous year, the Group managed to achieve total revenue of HK$730.4 million for the year, an increase of approximately 7.5% as compared to last fiscal year. Consequently, the Group achieved a record high net profit of approximately HK$88.7 million, representing an increase of 540.7% over last fiscal year. The net profit margins also improved from 2.0% to 12.1%.

Affected by the deteriorated economies in United States and Europe, the export sales slid down by 12.0% to HK$293.1 million as compared to HK$333.0 million in the previous year. Although the gross profit margins on export sales to United States and Europe has improved in the second half of the fiscal year of 2010, the Group still facing difficulties in pricing competition and weaken demand in the export market. On the whole, the negative impact from the export sales during the year was offset by the growth in domestic sales in PRC.

In October 2010, The Group entered into a corporation agreement with Hengdeli Holdings Limited (3389.HK) – the world's largest retailer and wholesaler of high prestige global brand watches. By this agreement, the Group can get access to Hengdeli's existing and new coming retail outlets for selling our jewellery products.

This agreement marked a significant milestone for the Group. It provided an important and breakthrough platform for the Group for retail business in China. Both parties are able to leverage on each other's strengths and further develop an extensive network and reputable branding.

On 12 November 2010, the Group announced the proposed acquisition of Shenzhen Qijingda Trade Company Limited (深圳市琪晶達貿易有限公司), which is a retailer of watches and jewellery products based in China and holds the exclusive distribution rights of Gucci timepieces in the Greater China Region. Upon completion of this acquisition, which is subject to the shareholder's approval and due diligence review, it will immediately provide the Group a network base of not less than 42 outlets in China and an opportunity to collaborate with international renowned brand for their products distributorship in the Greater China Region.

During the period under review, the Group also completed the acquisition of Chi Zhou and Chi Feng gold mines located in Anhui Province and Inner Mongolia respectively. With the on-going upward trend of the gold prices continuously adding value to the revenue of the mines, we expect these mines will generate contribution to the Group in the near future.

Business Outlook

The appreciation of RMB and strong economic growth of the PRC will continue to boost the domestic demand of luxury jewellery products in China. In order to capture this doubtless market growth potential, the Group is determined to move fast in terms of networking and product diversification. To enlarge our sales network, we will roll out our cooperation plan with Hengdeli in full speed whilst continue to open self-owned retail outlets in a speedy manner across the nation. We will actively look for retailing partners and/or brand owners in China for strategic alliance in the area of network expansion and product offering. The Group will also strive to solicit suitable targets for acquisition which will benefit the Group in network development and brand building in the long run. In addition, we will continue to strengthen our collaboration with international renowned brand owners for their products distributorship in the Greater China Region and joint development of new product range with unique design and materials exclusively for the Greater China Region.

For the export business, while the economic environment is still obsessed with slow recovery pace in United States and the emerging sovereign debt problems in Europe, the Group expected the contribution from the export segment will remain sluggish in the coming year. Even so, the Group will continue to maintain its present worldwide clientele and market share through participating in major international jewellery fairs.

For the gold mines, we will take into the consideration of the advice of the professional mining consultants to carry out the necessary exploration and preparation work with the aim of commencing production as early as possible.

Wong Chi Ming, Jeffry
Chairman
Hong Kong
21 January 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 30 September 2010, the turnover of the Group recorded at approximately HK$730.4 million, representing an increase of 7.5% as compared to HK$679.3 million for the previous year. Export sales had moderate dropped compared with the same period of last year while domestic sales reaching another record high contributed more to the overall turnover. As a result, turnover increased by about 7.5%.

The net profit from ordinary activities attributed to shareholders increased to HK$88.7 million as compared to HK$13.8 million for the previous year, an increase of 540.7%. The surge was mainly due to the strong demand of the domestic jewellery sales.

The selling and distribution expenses significantly decreased 51.3% to approximately HK$47.2 million as compared to HK$96.9 million for the year ended 30 September 2009. The decrease was attributed to the increase in cooperation with retail chain partner, more products were placed for sales in the retail partner's outlet, the rental expenses and staff cost for the retail store dropped substantially. In addition, share based payment in relation to the share option scheme which was included in the administration expenses is decreased to approximately HK$20.0 million from approximately HK$51.4 million in the previous financial year. Accordingly, profit from operating activities increased to HK$114.0 million, representing about 220.1% increase when compare with that of the preivous year.

The finance cost decreased 63.5% to approximately HK$2.7 million as compared to HK$7.3 million for the previous year, which was mainly due to the full repayment of syndicated bank borrowings and significant decrease in other bank borrowings.

For the financial year end 30 September 2010, non-current assets increased from HK$60.3 million to HK$467.9 million, which was due to completion of the acquisition of Chi Zhou and Chi Feng gold mines.

The Group's net current assets improved from HK$618.5 million to HK$1,001.0 million, which was mainly due to significant decrease in bank borrowings. The net current assets comprise of inventories of HK$628.9 million (2009: HK$494.6 million), trade receivables of about HK$228.0 million (2009: HK$194.3 million), other receivables of approximately HK$27.5 million (2009: HK$27.2 million).

Cash and bank balances stood at approximately HK$216.8 million (2009: HK$211.1 million) and current liabilities of approximately HK$100.4 million (2009: HK$308.7 million).

The Group's inventory turnover, trade receivables turnover and trade payables turnover period were 443 days, 114 days and 8 days respectively. Overall the turnover was consistent and complied with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

Liquidity and Financial Resources

During the year, the Group financed its operations and investing activities through a combination of operating cash inflows and interest bearing bank borrowings. The capital structure of the Company solely consists of share capital. As at 30 September 2010, the shareholders' equity of the Group amounted to HK$1,320.1 million (2009: HK$678.8 million).

The Group's total interest bearing bank borrowings as at 30 September 2010 amounted to approximately HK$3.5 million, representing a decrease of approximately HK$211.4 million when compared to HK$214.9 million in the previous financial year. The interest bearing bank borrowings were mainly used for working capital purpose and carried at commercial lending interest rates. All of the interest bearing bank borrowings as at 30 September 2010 and 2009 were repayable within one year. The Group's gearing ratio for the year was 0.2% (2009: 31.7%) and was kept at a comfortable level. On the whole, the Group kept a strong and adequate financial position during the year under review and is well prepared for cashflow budget in the coming year.

The sales and purchases of the Group were mostly denominated in the United States dollars, Hong Kong dollars and Renminbi. The cash and cash equivalents and interest bearing borrowings of the Group were also denominated in Hong Kong dollars, the United States dollars and Renminbi. Since the Group's exposure to fluctuations in foreign exchange rates was minimal, the Group did not use any hedging instruments.

As at 30 September 2010, the Group had capital commitment of HK$22.2 million (2009: Nil), which was in relation to the exploration works in Chi Zhou mines. The Group did not have any significant contingent liabilities as at 30 September 2010 (2009: Nil).

As at 30 September 2010, the Company has given guarantees in favour of certain banks to the extent of approximately HK$50.0 million (2009: HK$236.3 million) in respect of banking facilities granted to certain subsidiaries of the Company. As at 30 September 2010, the banking facilities utilised by these subsidiaries amounted to approximately HK$3.5 million (2009: HK$214.9 million).

Employee and Remuneration Policies

As at 30 September 2010, the Group had approximately 61 employees with remuneration of approximately HK$8.9 million. The Group's emolument policies are formulated according to the performance of individual employee and will be reviewed regularly every year.

Same as disclosed above, the current information in other management and discussion analysis has not changed materially from the information disclosed in the last published 2010 interim report.

Closure of Register of Members

The register of members will be closed from 3 March 2011 to 7 March 2011 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrars of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 2 March 2011.

Purchase, Redemption or Sale of Listed Securities of the Company

The Company has not redeemed any of its shares, and neither the Company, nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

Corporate Governance

The Company has complied throughout the year ended 30 September 2010 with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules except deviations as follows:

Code Provision A.2.1

Mr. Wong Chi Ming, Jeffry is the Chairman of the board of directors. The Company has no such title as the chief executive officer and the daily operation and management of the Company is monitored by the executive directors as well as the senior management.

The Board is of the view that although there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting the operations of the Company.

Code Provision A.4.2

Mr. Jiang Chao will retire and being eligible, offer himself for re-election at the forthcoming annual general meeting instead of the extraordinary general meeting held in May 2010.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in the Company's annual report.

Model Code for Securities Transactions by Directors of Listed Companies ("Model Code")

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry on all directors regarding any non-compliance with the Model Code during the year under review and they all confirmed that they have fully complied with the required standard set out in the Model Code.

Internal Control and Risk Management

The Board is responsible for the Company's internal control system and risk management procedures and for reviewing the effectiveness of the Company's internal control. The Board has conducted a review of, and is satisfied with the effectiveness of the system of internal controls of the Group.

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties and a cash management system such as monthly reconciliation of bank accounts.

The Board reviews the effectiveness of the Group's material internal controls and is of the opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and sufficient. Based on information furnished to it and on its own observations, the Board is satisfied with present internal controls of the Group.

Audit Committee

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. Currently the audit committee comprises the 3 independent non-executive directors, who have reviewed the financial statements for the year ended 30 September 2010.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2010 annual report containing all the information required by the Listing Rules will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and dispatched to shareholders in due course.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to the management and staff members for their continued dedication and contribution. I would also like to express our gratitude to our shareholders for their support to the Group.

On behalf of the Board
Ming Fung Jewellery Group Limited
Wong Chi Ming, Jeffry
Chairman

Hong Kong, 21 January 2011

As at the date of this announcement, the Board consists of Mr. Wong Chi Ming, Jeffry, Mr. Chung Yuk Lun, and Mr. Yu Fei Philip as executive directors; and Mr. Jiang Chao, Mr. Chan Man Kiu and Mr. Tam Ping Kuen, Daniel as independent non-executive directors.

* *For identification purpose only*