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

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

# ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The board of directors (the "Board") of Noble Jewelry Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries ("Noble Jewelry" or the "Group") for the six months ended 30 September 2011, which have been reviewed by the Company's audit committee, together with the comparative figures for the corresponding previous period as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2011*

| | | Six months ended 30 September | |
|---|---|---|---|
| | | **2011** | 2010 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| | | **(Unaudited)** | (Unaudited) |
| **Continuing operations:** | | | |
| Turnover | 3 | **39,871** | 22,017 |
| Cost of sales | | **(32,937)** | (18,591) |
| Gross profit | | **6,934** | 3,426 |
| Other revenue | 3 | **785** | 384 |
| Distribution costs | | **(3,958)** | (2,174) |
| Administrative expenses | | **(1,825)** | (981) |
| Other gains and losses | 4 | **1,621** | (4) |
| Finance costs | 5 | **(162)** | (135) |
| Profit before income tax | 6 | **3,395** | 516 |
| Income tax expense | 8 | **4** | — |
| Profit for the period from continuing operations | | **3,399** | 516 |

| | Notes | Six months ended 30 September 2011 HK$'000 (Unaudited) | 2010 HK$'000 (Unaudited) |
|---|---|---|---|
| **Continuing operations:** | | | |
| Profit for the period from continuing operations | | **3,399** | 516 |
| **Discontinued operations:** | | | |
| Profit for the period from discontinued operations | 7 | **8,428** | 10,133 |
| **Profit for the period** | | **11,827** | 10,649 |
| **Other comprehensive income** | | | |
| Exchange differences on translating foreign operations | | **4,719** | (45) |
| **Other comprehensive income for the period** | | **4,719** | (45) |
| **Total comprehensive income for the period** | | **16,546** | 10,604 |
| Profit attributable to: | | | |
| — Owners of the Company | | **11,827** | 11,460 |
| — Non-controlling interests | | **—** | (811) |
| | | **11,827** | 10,649 |
| Total comprehensive income attributable to: | | | |
| — Owners of the Company | | **16,546** | 11,415 |
| — Non-controlling interests | | **—** | (811) |
| | | **16,546** | 10,604 |
| Earnings per share attributable to owners of the Company | | | |
| For continuing and discontinued operations | | | |
| Basic and diluted *(HK cents)* | 10 | **4.34** | 4.22 |
| For continuing operations | | | |
| Basic and diluted *(HK cents)* | 10 | **1.25** | 0.19 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2011*

| | Notes | **30 September 2011** *HK$'000* **(Unaudited)** | 31 March 2011 *HK$'000* (Audited) |
|---|---|---|---|
| **Assets and liabilities** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **14,042** | 93,636 |
| Associates | | — | 75,167 |
| Other assets | | — | 2,161 |
| | | **14,042** | 170,964 |
| **Current assets** | | | |
| Inventories | | **33,239** | 359,810 |
| Accounts receivable | 12 | **28,173** | 132,988 |
| Other receivables, deposits and prepayments | | **30,542** | 15,810 |
| Amounts due from related parties | | **106** | 15,866 |
| Cash at banks and in hand | | **10,015** | 14,303 |
| | | **102,075** | 538,777 |
| Assets of a disposal group classified as held for sale | 11 | **706,367** | — |
| | | **808,442** | 538,777 |
| **Current liabilities** | | | |
| Borrowings | | — | 258,064 |
| Accounts payable | 13 | **140** | 112,794 |
| Other payables and accrued charges | | **9,633** | 58,724 |
| Amount due to related party | | — | 389 |
| Derivative financial instruments | | — | 31 |
| Tax payables | | — | 3,396 |
| | | **9,773** | 433,398 |
| Liabilities of a disposal group classified as held for sale | 11 | **518,117** | — |
| | | **527,890** | 433,398 |
| **Net current assets** | | **280,552** | 105,379 |
| **Total assets less current liabilities** | | **294,594** | 276,343 |

| | Notes | 30 September 2011 HK$'000 (Unaudited) | 31 March 2011 HK$'000 (Audited) |
|---|---|---|---|
| **Total assets less current liabilities** | | **294,594** | 276,343 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | | **296** | 1,017 |
| | | **296** | 1,017 |
| **Net assets** | | **294,298** | 275,326 |
| **Equity** | | | |
| Share capital | | **2,736** | 2,717 |
| Reserves | | **291,562** | 272,609 |
| **Equity attributable to owners of the Company** | | **294,298** | 275,326 |
| **Non-controlling interests** | | **—** | — |
| **Total equity** | | **294,298** | 275,326 |

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability on 25 August 2006 under the Companies Law of the Cayman Islands and acts as an investment company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its registered office is situate at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Group is principally engaged in the design, manufacturing and trading of fine jewelry products.

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

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on historical cost basis and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirement of Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange.

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2011. In addition, the Group applied the following accounting policy in this interim period.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current assets (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

In addition, in the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("new or revised HKFRSs") issued by the HKICPA, which are effective for the current period's unaudited condensed consolidated interim financial statements.

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs |
| Amendments to HKFRS 2 | Share-based Payment – Group Cash-settled Share-based Payment Transactions |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements |
| Amendments to HKAS 32 | Classification of Rights Issues |
| HKFRS 3 (Revised) | Business Combinations |
| HK(IFRIC) – Interpretation 17 | Distributions of Non-cash Assets to Owners |
| HK Interpretation 5 | Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause |
| HKAS 24 (Revised) | Related Party Disclosures |
| HKAS 32 (Amendment) | Classification of Rights Issues |
| HK(IFRIC) – Int 14 (Amendment) | Prepayments of a Minimum Funding Requirement |
| HK(IFRIC) – Int 19 | Extinguishing Financial Liabilities with Equity Instruments |

The adoption of the new and revised HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented.

The Group has not early applied the following new and revised standards, amendments or interpretations which have been issued but are not yet effective.

| | |
|---|---|
| HKFRS 1 (Amendment) | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1] |
| HKFRS 7 (Amendments) | Disclosures – Transfers of Financial Assets[1] |
| HKFRS 9 | Financial Instruments[4] |
| HKFRS 10 | Consolidated Financial Statements[4] |
| HKFRS 11 | Joint Arrangements[4] |
| HKFRS 12 | Disclosure of Interests in Other Entities[4] |
| HKFRS 13 | Fair Value Measurement[4] |
| HKAS 1 (Amendments) | Presentation of Financial Statements[3] |
| HKAS 12 (Amendments) | Deferred Tax: Recovery of Underlying Assets[2] |
| HKAS 19 (Revised 2011) | Employee Benefits[4] |

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 3. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION

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

| | Six months ended 30 September | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Continuing operations:** | | |
| ***Turnover*** | | |
| Sales | **39,871** | 22,017 |
| ***Other revenue*** | | |
| Sundry income | **785** | 384 |
| ***Total revenue*** | **40,656** | 22,401 |
| **Discontinued operations:** | | |
| ***Turnover*** | | |
| Sales | **330,193** | 313,720 |
| ***Other revenue*** | | |
| Sundry income | **1,956** | 832 |
| Bank interest income | **133** | 447 |
| Management fee income | **111** | 139 |
| | **2,200** | 1,418 |
| **Total revenue** | **332,393** | 315,138 |

**(b) Reportable segments**

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

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

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Continuing operations:** | | |
| Wholesale business | **39,871** | 22,017 |

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Discontinued operations:** | | |
| Wholesale business | **295,442** | 281,546 |
| Sales network collaboration | **18,687** | 16,666 |
| Retail and brand business | **16,064** | 15,508 |
| | **330,193** | 313,720 |

**(c) Geographical information**

An analysis of the Group's revenue from external customers is as follows:

| | **Six months ended 30 September** | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Continuing operations:** | | |
| Turnover | | |
| — The People's Republic of China, other than Hong Kong ("PRC") | **39,871** | 22,017 |
| **Discontinued operations:** | | |
| Turnover | | |
| — Europe | **85,503** | 84,173 |
| — The Middle East | **82,362** | 86,801 |
| — America | **64,107** | 59,772 |
| — Others | **50,500** | 39,399 |
| — The PRC | **14,479** | 8,987 |
| — Japan | **12,925** | 14,743 |
| — Africa | **12,272** | 11,811 |
| — Hong Kong | **8,045** | 8,034 |
| | **330,193** | 313,720 |

## 4. OTHER GAINS AND LOSSES

| | Six months ended 30 September | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Continuing operations:** | | |
| Exchange gains/(loss), net | **1,621** | (4) |
| **Discontinued operations:** | | |
| Gain on disposal of property, plant and equipment | **8,272** | — |
| Loss on settlement of forward foreign currency contracts upon maturity | **(592)** | (1,986) |
| Exchange (losses)/gains, net | **(2,232)** | 4 |
| Others | **50** | 52 |
| | **5,498** | (1,930) |

## 5. FINANCE COSTS

| | Six months ended 30 September | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Continuing operations:** | | |
| Interest on borrowings wholly repayable within five years | **155** | 130 |
| Bank charges | **7** | 5 |
| | **162** | 135 |
| **Discontinued operations:** | | |
| Interest on borrowings | | |
| — wholly repayable within five years | **2,619** | 1,993 |
| — not wholly repayable within five years | **126** | — |
| Bank charges | **921** | 872 |
| | **3,666** | 2,865 |

## 6. PROFIT BEFORE INCOME TAX

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

| | Six months ended 30 September | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Continuing operations:** | | |
| Cost of inventories expensed | **32,937** | 18,591 |
| Depreciation of property, plant and equipment | **501** | 397 |
| Staff costs (including directors' remuneration) | **3,204** | 2,096 |
| Auditor's remuneration | **300** | 100 |
| Exchange (gains)/losses, net | **(1,621)** | 4 |
| **Discontinued operations:** | | |
| Cost of inventories expensed | **227,977** | 230,220 |
| Depreciation of property, plant and equipment | **1,843** | 2,341 |
| Staff costs (including directors' remuneration) | **47,165** | 43,941 |
| Auditor's remuneration | **743** | 362 |
| Provision of bad and doubtful debts, net | **9,093** | 2,387 |
| Provision for custom duty under provided in prior years and related damages and penalties | **16,187** | — |
| Impairment of other intangible assets | **—** | 74 |
| Impairment of property, plant and equipment | **2,693** | — |
| Impairment of inventories | **200** | — |
| Impairment of other receivables, deposits and prepayments | **47** | — |
| Bad debts written off | **943** | 427 |
| Exchange losses/(gains), net | **2,232** | (4) |

## 7. DISCONTINUED OPERATIONS

On 7 September 2011, the shareholders of the Company and Resources Rich Capital Limited, as purchaser, entered into an agreement in respect of the acquisition of 72.05% interest of the Company. The agreement is conditional upon, among other things, the completion of the proposed reorganisation of the Group (the "Group Reorganisation"). As part of the Group Reorganisation, the Group proposed to (i) distribute the whole of fine jewelry design, manufacture and trading businesses (the "Distributed Businesses") other than certain of jewelry manufacture and trading business in the PRC (the "Retained Businesses"), for which would be retained by the Group, in specie to the shareholders of the Company; (ii) cease the PRC jewelry retail business (the "Ceased Business") in the Retained Business. The proposed distribution in specie was approved by the shareholders of the Company at an extraordinary general meeting held on 20 October 2011.

The Distributed Businesses and Ceased Business were classified as discontinued operations and the related results for the six months ended 30 September 2011 and 2010 were as follows:

| | *Notes* | **Distributed Businesses** *HK$'000* | **Ceased Business** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|
| **For the six months ended 30 September 2011 (unaudited)** | | | | |
| Turnover | 3 | **321,810** | **8,383** | **330,193** |
| Cost of sales | | **(220,540)** | **(7,437)** | **(227,977)** |
| Gross profit | | **101,270** | **946** | **102,216** |
| Other revenue | 3 | **2,200** | **—** | **2,200** |
| Distribution costs | | **(18,474)** | **(1,264)** | **(19,738)** |
| Administrative expenses | | **(79,105)** | **(192)** | **(79,297)** |
| Other gains and losses | 4 | **5,498** | **—** | **5,498** |
| Finance costs | 5 | **(3,666)** | **—** | **(3,666)** |
| Share of profits of associates, net | | **4,367** | **—** | **4,367** |
| Profit/(loss) before income tax | 6 | **12,090** | **(510)** | **11,580** |
| Income tax expense | 8 | **(3,152)** | **—** | **(3,152)** |
| Profit/(loss) for the period from discontinued operations | | **8,938** | **(510)** | **8,428** |

| | *Notes* | **Distributed Businesses** *HK$'000* | **Ceased Business** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|
| **For the six months ended 30 September 2010 (unaudited)** | | | | |
| Turnover | 3 | 309,443 | 4,277 | 313,720 |
| Cost of sales | | (226,544) | (3,676) | (230,220) |
| Gross profit | | 82,899 | 601 | 83,500 |
| Other revenue | 3 | 1,418 | — | 1,418 |
| Distribution costs | | (17,655) | (476) | (18,131) |
| Administrative expenses | | (48,453) | — | (48,453) |
| Other gains and losses | 4 | (1,930) | — | (1,930) |
| Finance costs | 5 | (2,865) | — | (2,865) |
| Share of losses of associates, net | | (564) | — | (564) |
| Profit before income tax | 6 | 12,850 | 125 | 12,975 |
| Income tax expense | 8 | (2,842) | — | (2,842) |
| Profit for the period from discontinued operations | | 10,008 | 125 | 10,133 |

The net cash flows of the discontinued operations for the six months ended 30 September 2011 and 2010 were as follows:

| | Distributed Businesses *HK$'000* | Ceased Business *HK$'000* | Total *HK$'000* |
|---|---|---|---|
| **For the six months ended 30 September 2011 (unaudited)** | | | |
| Net cash flows from operating activities | (77,797) | — | (77,797) |
| Net cash flows from investing activities | 24,182 | — | 24,182 |
| Net cash flows from financing activities | 45,338 | — | 45,338 |
| Net cash flows incurred by the discontinued operations | (8,277) | — | (8,277) |
| **For the six months ended 30 September 2010 (unaudited)** | | | |
| Net cash flows from operating activities | (52,602) | — | (52,602) |
| Net cash flows from investing activities | (5,113) | — | (5,113) |
| Net cash flows from financing activities | 48,049 | — | 48,049 |
| Net cash flows incurred by the discontinued operations | (9,666) | — | (9,666) |

## 8. INCOME TAX EXPENSE

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

| | Six months ended 30 September | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Continuing operations** | | |
| Deferred tax | **(4)** | — |
| **Discontinued operations:** | | |
| Current tax – Hong Kong profits tax | **4,425** | 2,985 |
| Current tax – overseas | **(537)** | 217 |
| | **3,888** | 3,202 |
| Deferred tax | **(736)** | (360) |
| | **3,152** | 2,842 |

## 9. DIVIDENDS

Except for the proposed distribution in specie as disclosed in Note 7, the Board did not recommend the payment of an interim dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: HK$Nil).

## 10. EARNINGS PER SHARE

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

| | Six months ended 30 September | |
|---|---|---|
| | **2011** | 2010 |
| | **(Unaudited)** | (Unaudited) |
| **For continuing and discontinued operations:** | | |
| Profit for the period attributable to owners of the Company for the purpose of basic earnings per share calculation | **HK$11,827,000** | HK$11,460,000 |
| **For continuing operations:** | | |
| Profit for the period attributable to owners of the Company for the purpose of basic earnings per share calculation | **HK$3,399,000** | HK$516,000 |
| **For discontinued operations:** | | |
| Profit for the period attributable to owners of the Company from discontinued operations for the purpose of basic earnings per share calculation | **HK$8,428,000** | HK$10,133,000 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **272,655,000** | 271,700,000 |

Basic earnings per share for the discontinued operation is 3.1 cents per share (30 September 2010: 3.7 cents per share) and diluted earnings per share for the discontinued operation is 3.1 cents per share (30 September 2010: 3.7 cents per share), based on the profit for the year from the discontinued operations of HK$8.4 million (30 September 2010: HK$10.1 million) and the denominators detailed above for both basic and diluted earnings per share.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for share for the respective periods.

## 11. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Pursuant to the Group Reorganisation as set out in Note 7 above, the assets and liabilities of Distributed Businesses relating to the wholesales and manufacturing operations have been classified as held for sale in the consolidated statement of financial position and set out below.

| | **30 September 2011** *HK$'000* **(Unaudited)** |
|---|---|
| Property, plant and equipment | **50,429** |
| Associates | **83,482** |
| Other assets | **2,187** |
| Deferred tax assets | **1,556** |
| Inventories | **363,660** |
| Accounts receivable | **156,918** |
| Other receivables, deposits and prepayments | **13,287** |
| Amounts due from related parties | **24,105** |
| Cash at banks and in hand | **10,743** |
| Assets of a disposal group classified as held for sale | **706,367** |
| Borrowings | **256,859** |
| Accounts payable | **126,457** |
| Other payables and accrued charges | **127,009** |
| Derivative financial instruments | **624** |
| Tax payables | **7,168** |
| Liabilities of a disposal group classified as held for sale | **518,117** |
| Net assets of a disposal group classified as held for sale | **188,250** |

As at 30 September 2011, there was an amount of HK$45,860,000 due to the Distributed Businesses by the Retained Businesses which had been eliminated in the Group's consolidated financial statements. This amount is expected to be fully settled upon the distribution in specie.

## 12. ACCOUNTS RECEIVABLE

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

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

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

| | **30 September 2011** | 31 March 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Within 1 month | **11,091** | 37,996 |
| Over 1 month but within 3 months | **7,682** | 50,118 |
| Over 3 months but within 6 months | **7,678** | 31,765 |
| Over 6 months but within 1 year | **1,722** | 11,828 |
| Over 1 year | **—** | 1,281 |
| | **28,173** | 132,988 |

## 13. ACCOUNTS PAYABLE

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

| | **30 September 2011** | 31 March 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Within 1 month | **105** | 25,652 |
| Over 1 month but within 3 months | **2** | 38,171 |
| Over 3 months but within 6 months | **—** | 43,425 |
| Over 6 months | **33** | 5,546 |
| | **140** | 112,794 |

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

## MANAGEMENT DISCUSSION AND ANALYSIS

Reference is made to the joint announcement (the ''First Joint Announcement'') dated 8 September 2011 made by Resources Rich, the Company and First Prospect, and the circular of the Company dated 30 September 2011 (the ''Circular'') in relation to, among other things, the Group Reorganisation, the Share Premium and Reserve Application, the Distribution In Specie and the Special Deals. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Circular.

As part of the Group Reorganisation and upon the Share Sale Completion, the Company will distribute all of the Privateco Shares in specie to the Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one Privateco Share for every Share held. After the Group Reorganisation, the Group is principally engaged in the design, manufacturing and wholesale of fine jewelry products in the PRC (the "Continuing Operations") while the Privateco Group's principal business is design, manufacturing and trading of fine jewelry products in various countries other than the PRC and retail of fine jewelry in the US and Spain (the "Discontinued Operations").

## CONTINUING OPERATIONS

### Operating Results

Due to the better performance in the six months ended 30 September 2011 ("1H 2012") as a result of the greater emphasis and effort put on expanding and improving the wholesale distribution channels in the PRC by the Group and the positive consumer sentiment in the PRC jewelry wholesale market, the Continuing Operations achieved steady business growth during the period under review. The increase in turnover in 1H 2012 was mainly attributable to the subsisting rise in gold and diamond prices during the period. As a result, the turnover of the Continuing Operations rose significantly by approximately 81.4% from approximately HK$22.0 million for the six months ended 30 September 2010 ("1H 2011") to approximately HK$39.9 million for 1H 2012. Gross profit for the Continuing Operations grew by approximately 102.9% from approximately HK$3.4 million for 1H 2011 to approximately HK$6.9 million for 1H 2012 with gross profit margin maintaining at 17.3% as compared to 15.5% for 1H 2011. Net profit for the Continuing Operations rose from approximately HK$0.5 million for 1H 2011 to approximately HK$3.4 million for 1H 2012.

### Business Review

Despite the ongoing financial instability in US and European regions, the Group's Continuing Operations were able to achieve respectable growth in the PRC, with sales in the PRC market (excluding Hong Kong) rising by approximately 81.4% to HK$39.9 million. Through continuous efforts in expanding its wholesale distribution channels and expanding the sales force by hiring more sales staff, the Group obtained a greater volume of orders from all across PRC during 1H 2012. Pursuing continuous strategy for customer-segment and geographical diversification in the PRC market also remained effective and fruitful in driving the business growth during the period under review.

## DISCONTINUED OPERATIONS

### Operating Results

The turnover of the Discontinued Operations rose by approximately 5.3% from approximately HK$313.7 million for 1H 2011 to approximately HK$330.2 million for 1H 2012. This increase was mainly attributable to the good performance of the newly emerging markets like Indonesia, Russian Federation and Africa. The rise in gold and diamond prices during the period under review also contributed to the increase in the turnover. Gross profit for the Discontinued Operations grew by approximately 22.4% from approximately HK$83.5 million for 1H 2011 to approximately HK$102.2 million for 1H 2012. The improvement in gross profit margin (31.0% for 1H 2012 compared to 26.6% for 1H 2011) was primarily due to the uplifting in selling price in the same line with the increase in gold and diamond prices during the period. Net profit for the Discontinued Operations drop by approximately 16.8% from approximately HK$10.1 million for 1H 2011 to approximately HK$8.4 million for 1H 2012.

### Business Review

The Middle East and Europe still marked the largest markets of the Discontinued Operations, making up approximately 50.8% of the turnover and these markets recorded steady results compared to the same period in the previous year. Increased demand in mature markets drove up the sales in America, which reported growth of approximately 7.3% to HK$64.1 million.

Led by significant order volume from Indonesian customers, sales to the 'Others' category increased by approximately 28.2% to HK$50.5 million. Expansion in newly emerging markets in Africa and Indonesia has been progressing well during 1H 2012. The massive earthquake that struck Japan in March 2011 had a little impact on the overall Discontinued Operations' business despite the sales to Japan decreased by approximately 12.3% to HK$12.9 million.

The increase in administrative expenses during the period under review was mainly due to the provision of approximately HK$16.2 million for the related damages and penalties of custom duty payable to the US Custom Service (reference relating to the dispute with the US Custom Services is made to the Company's annual report as at 31 March 2011 and announcement dated 12 August 2011), bad and doubtful debts of approximately HK$9.1 million and the impairment of property, plant and equipment of approximately HK$2.7 million. Included under other gains and loss was the gain on disposal of property, plant and equipment in PRC of approximately HK$8.3 million (reference relating to the disposal of certain plant and equipment to an independent third party is made to the Company's annual report as at 31 March 2011) while the increase in share of profits of associates during the period under review was mainly attributable to the narrowing down of loss of an associate in Spain.

## FUTURE PROSPECTS

The continuously expanding PRC economy should continue to drive the rising demand for luxury products such as gold and jewelry. According to statistics compiled by the National Bureau of Statistics in China, in 2010, sales of gold, silver and jewelry in the PRC was approximately RMB126.1 billion, increased by approximately 46.0% from the previous year. In the first half of 2011, the sales of gold, silver and jewelry amounted to RMB92.1 billion, representing approximately 49.6% higher than that of the same period of 2010. Faced with the European debt crisis and slow economic recovery in US, the management remains prudently optimistic about the Continuing Operations' business performance in the upcoming financial year. With the Group's ongoing focus in expanding its wholesale distribution network in the PRC and expanding its sales force, it is anticipated that the Continuing Operations will remain in steady growth. Nevertheless, cost concerns arising from the rising gold and diamond prices may negatively affect the Continuing Operations' margins.

The Group will constantly review its existing business strategies and will continue to evaluate opportunities to extend its wholesale network to different parts of the PRC in an attempt to tap into new consumer segments.

**Liquidity and financial resources**

As at 30 September 2011, the Group's Continuing Operations' net current assets and current ratio stood at HK$92.3 million and 10.4 respectively (31 March 2011: HK$105.4 million and 1.2 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 30 September 2011 (31 March 2011: 88.5%).

As at 30 September 2011, the cash at banks and in hand of the Group's Continuing Operations amounted to approximately HK$10.0 million (31 March 2011: HK$14.3 million).

**Capital structure**

For 1H 2012, the Group's Continuing Operations financed its liquidity requirements through cash flow as generated from operations.

**Dividend**

Except for the proposed Distribution in Specie as approved by the Shareholders at the extraordinary general meeting held on 20 October 2011, the Board has resolved not to recommend the payment of an interim dividend for 1H 2012 (1H 2011: HK$Nil).

**Staff and remuneration policy**

As at 30 September 2011, the Continuing Operations had a total of 58 employees (31 March 2011: 91 employees). Staff costs for the period under review was HK$3.2 million, representing an increase of 52.4% as compared to the corresponding period ended 30 September 2010 of HK$2.1 million. The Group's Continuing Operations remunerate 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 contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

**Charges on assets**

As at 30 September 2011, the Group did not have any charges on the Group's assets.

**Capital commitment and contingent liabilities**

As at 30 September 2011, the Continuing Operations did not have any of capital commitments (31 March 2011: HK$5.7 million) and had HK$0.8 million of operating lease commitments (31 March 2011: HK$14.1 million).

As at 30 September 2011, the Group did not have any significant contingent liabilities (31 March 2011: Nil).

**Foreign exchange fluctuation and hedges**

The Continuing Operations were principally based in the PRC and were not exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

During 1H 2012, no forward foreign currency contracts were entered into and designed as hedges.

## 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 complied with all the applicable code provisions set out in the Code throughout the six months ended 30 September 2011 except for the following deviation.

Under provision E.1.2 of the Code, the chairman of the Board (the “Chairman”) should attend the Company’s annual general meeting. Owing to another business engagement, Mr. Chan Yuen Hing, the Chairman, was unable to attend the Company’s annual general meeting held on 5 August 2011. Mr. Tang Chee Kwong, chief executive officer of the Company who was present at the annual general meeting, chaired the meeting in accordance with the article of association of the Company.

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

## MODEL CODE FOR 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 of all directors of the Company, they confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2011, except only for the deviation where the spouse of Mr. Chan Yuen Hing had disposed of 200,000 shares of the Company during the blackout period prior to the publication of the annual results for the year ended 31 March 2011, and such deviation was reported to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) . On 28 September 2011, the Stock Exchange issued a warning letter to Mr. Chan Yuen Hing privately in respect of such deviation and no further action has been taken by the Stock Exchange as at the date of this announcement.

## REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the code provisions under the Code set out in Appendix 14 to the Listing Rules. The audit committee comprises three independent non-executive Directors, namely Mr. Chan Cheong Tat, Mr. Tang Chiu Ming Frank and Mr. Yu Ming Yang. The Group's unaudited interim results for the six months ended 30 September 2011 have been reviewed and approved by the audit committee at an audit committee meeting held on 14 November 2011.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the six months ended 30 September 2011.

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

Hong Kong, 14 November 2011

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