TSE SUI LUEN JEWELLERY (INTERNATIONAL) LIMITED
謝瑞麟珠寶(國際)有限公司*

(*Incorporated in Bermuda with limited liability*)

(Stock Code: 417)

ANNOUNCEMENT OF ANNUAL RESULTS FOR 2018/2019

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2019 HK$'000	Thirteen months ended 31 March 2018 HK$'000
Turnover	**4,064,920**	4,137,179
Profit from operations	**149,802**	134,198
Profit attributable to owners of the Company	**54,161**	49,419
Basic earnings per share	**21.9 HK cents**	20.0 HK cents
Total equity attributable to owners of the Company	**1,085,749**	1,152,834
Equity attributable to owners of the Company per share	**HK$4.37**	HK$4.67

BUSINESS HIGHLIGHTS

- Profit attributable to owners of the Company for the year ended 31 March 2019 increased by 9.6% as comparing with the thirteen months ended 31 March 2018.
- Total number of store increased from 417, as at 31 March 2018, to 473 at 31 March 2019.

* *For identification purpose only*

FINAL RESULTS

The board of directors (the "Board") of Tse Sui Luen Jewellery (International) Limited (the "Company") announces that the consolidated profit attributable to owners of the Company for the year ended 31 March 2019 (the "Year") is HK$54,161,000 (thirteen months ended 31 March 2018: HK$49,419,000). The basic earnings per share is 21.9 HK cents (31 March 2018: 20.0 HK cents). The audited consolidated results of the Company and its subsidiaries (the "Group") for the Year, with the comparative figures for the thirteen months ended 31 March 2018, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**Year ended 31 March 2019 HK$'000**	Thirteen months ended 31 March 2018 HK$'000
Turnover	4	**4,064,920**	4,137,179
Cost of sales		**(2,445,558)**	(2,505,673)
Gross profit		**1,619,362**	1,631,506
Other income and (losses)/gains, net	6	**(272)**	19,944
Selling and distribution expenses		**(1,299,234)**	(1,339,506)
Administrative expenses		**(170,054)**	(177,746)
PROFIT FROM OPERATIONS		**149,802**	134,198
Finance costs	7	**(50,360)**	(44,348)
PROFIT BEFORE TAX	8	**99,442**	89,850
Income tax expense	9	**(45,275)**	(40,342)
PROFIT FOR THE YEAR/PERIOD		**54,167**	49,508
ATTRIBUTABLE TO :			
Owners of the Company		**54,161**	49,419
Non-controlling interests		**6**	89
		54,167	49,508
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	11	**21.9 HK cents**	20.0 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Year ended 31 March 2019 HK$'000	Thirteen months ended 31 March 2018 HK$'000
PROFIT FOR THE YEAR/PERIOD	**54,167**	49,508
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent years:		
Remeasurement gain on defined benefit plan	**7,339**	1,570
Income tax effect	**(1,211)**	(259)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent years	**6,128**	1,311
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent years:		
Exchange differences on translation of foreign operations	**(97,775)**	137,006
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD, NET OF TAX	**(91,647)**	138,317
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD	**(37,480)**	187,825
ATTRIBUTABLE TO :		
Owners of the Company	**(37,461)**	187,741
Non-controlling interests	**(19)**	84
	(37,480)	187,825

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2019

	Notes	**At 31 March 2019 HK$'000**	At 31 March 2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**181,843**	140,117
Intangible assets		**99**	99
Other asset		**500**	500
Prepayments and deposits		**53,165**	38,398
Deferred tax assets		**49,275**	57,784
		284,882	236,898
CURRENT ASSETS			
Inventories		**1,436,259**	1,641,873
Trade receivables	12	**148,116**	189,218
Prepayments, other receivables and other assets		**159,575**	154,125
Tax recoverable		**17,771**	11,163
Time deposits		**159,302**	52,500
Cash and cash equivalents		**251,242**	268,073
		2,172,265	2,316,952
CURRENT LIABILITIES			
Trade payables	13	**(224,503)**	(274,293)
Other payables and accruals		**(316,578)**	(291,739)
Interest-bearing bank and other borrowings		**(786,984)**	(376,563)
Finance lease payables		**(680)**	(643)
Tax payable		**(16,550)**	(16,579)
		(1,345,295)	(959,817)
NET CURRENT ASSETS		**826,970**	1,357,135
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,111,852**	1,594,033

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AT 31 MARCH 2019

	Note	**At 31 March 2019 HK$'000**	At 31 March 2018 HK$'000
NON-CURRENT LIABILITIES			
Other payables and accruals		**(5,770)**	(4,720)
Interest-bearing bank and other borrowings		**-**	(408,972)
Finance lease payables		**-**	(680)
Employee benefit obligations		**(2,655)**	(9,766)
Deferred tax liabilities		**(17,717)**	(17,081)
		(26,142)	(441,219)
NET ASSETS		**1,085,710**	1,152,814
EQUITY			
Equity attributable to owners of the Company			
Issued capital	14	**(62,138)**	(61,709)
Reserves		**(1,023,611)**	(1,091,125)
		(1,085,749)	(1,152,834)
Non-controlling interests		**39**	20
TOTAL EQUITY		**(1,085,710)**	(1,152,814)

NOTES:

1. Change of financial year end date

Pursuant to a resolution of the Board dated 23 May 2017, the Company's financial year end date has been changed from 28 February (or 29 February in a leap year) to 31 March commencing from the financial year of 2017/18 in order to align the financial reporting cycle of the Group with the natural retail cycle in the industry and provide a more meaningful and comparable basis for shareholders and investors to understand and evaluate the Group's financial results. Accordingly, the comparative figures presented for the audited consolidated statement of profit or loss, audited consolidated statement of comprehensive income and related notes covered the audited figures of a period of thirteen months from 1 March 2017 to 31 March 2018, which may not be comparable with the amounts shown for the current Year.

2. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for gold loans which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current Year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

3. **Changes in accounting policies and disclosures (continued)**

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and its amendments, the adoption of the above new and revised HKFRSs has had no significant financial effect on these financial statements.

(a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement
The following information sets out the impacts of adopting HKFRS 9 on the consolidated statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows:

	Original measurement category under HKAS 39	New measurement category under HKFRS 9	Original carring amount under HKAS 39 HK$'000	New carrying amount under HKFRS 9 HK$'000
Trade receivables	Loans and receivables	Financial assets at amortised cost	189,218	189,218
Financial assets included in prepayments, other receivables and other assets	Loans and receivables	Financial assets at amortised cost	144,870	144,870
Time deposits	Loans and receivables	Financial assets at amortised cost	52,500	52,500
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	268,073	268,073

There is no impact on the Group's accounting for financial liabilities. The Group's financial liabilities previously carried at amortised costs remained to be measured at amortised cost under HKFRS 9.

Impairment
The Group has determined that there is no significant financial impact on the opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9.

3. **Changes in accounting policies and disclosures (continued)**

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 April 2018 as a result of the adoption of HKFRS 15:

	Notes	Increase/(decrease) HK$'000
Assets		
Prepayments, other receivables and other assets	(i)	2,707
Liabilities		
Other payables and accruals	(i), (ii)	6,035
Equity		
Retained profits		(3,328)

3. **Changes in accounting policies and disclosures (continued)**

(b) (continued)

Set out below are the amounts by which each financial statement line item was affected as at 31 March 2019 and for the year ended 31 March 2019 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated statement of profit or loss for the year ended 31 March 2019:

		Amounts prepared under		
	Note	HKFRS 15	Previous HKFRS	Increase/ (decrease)
		HK$'000	HK$'000	HK$'000
Turnover	(i)	4,064,920	4,077,611	(12,691)
Cost of sales	(i)	(2,445,558)	(2,451,834)	(6,276)
Gross profit		1,619,362	1,625,777	(6,415)
Profit before tax		99,442	105,857	(6,415)
Income tax expense		(45,275)	(45,275)	-
Profit for the year		54,167	60,582	(6,415)
Attributable to:				
Owners of the Company		54,161	60,576	(6,415)
Non-controlling interests		6	6	-
		54,167	60,582	(6,415)
Earnings per share attributable to owners of the Company				
Basic and diluted		21.9 HK cents	24.4 HK cents	(2.5) HK cents

3. Changes in accounting policies and disclosures (continued)

(b) (continued)

Consolidated statement of financial position as at 31 March 2019:

	Notes	Amounts prepared under HKFRS 15 HK$'000	Previous HKFRS HK$'000	Increase/ (decrease) HK$'000
Prepayment, other receivables and other assets	(i)	159,575	153,169	6,406
Total assets		2,457,147	2,450,741	6,406
Other payables and accruals	(i), (ii)	316,578	303,757	12,821
Total liabilities		1,371,437	1,358,616	12,821
Net assets		1,085,710	1,092,125	(6,415)
Retained profits	(i)	741,713	748,128	(6,415)
Non-controlling interests		39	39	-
Total equity		1,085,710	1,092,125	(6,415)

The nature of the adjustments as at 1 April 2018 and the reasons for the significant changes in the consolidated statement of financial position as at 31 March 2019 and the consolidated statement of profit or loss for the year ended 31 March 2019 are described below:

(i) Sale of jewellery products with variable consideration

Some contracts for the sale of jewellery products provide customers with a right of return. Before adoption of HKFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and trade discounts. If revenue could not be reliably measured, the Group deferred the recognition of revenue until the uncertainty was resolved. Under HKFRS 15, rights of return give rise to variable consideration which is determined using the expected value method or the most likely amount method.

Rights of return

Upon adoption of HKFRS 15, the Group recognised a right-of-return asset in prepayment, other receivables and other assets which is measured at the former carrying amount of the goods to be returned less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. In addition, a refund liability is recognised based on the amount that the Group expects to return to the customers using the expected value method. Accordingly, the remeasurement resulted in refund liabilities of HK$6,035,000 and right-of-return assets of HK$2,707,000 as at 1 April 2018, which resulted in a decrease in retained profits of HK$3,328,000.

3. Changes in accounting policies and disclosures (continued)

(b) (continued)

(i) Sale of jewellery products with variable consideration (continued)

Rights of return (continued)
As at 31 March 2019, the adoption of HKFRS 15 resulted in an increase in prepayment, other receivables and other assets by HK$6,406,000. Besides, other payables and accruals were increased by HK$12,821,000, resulting in a decrease in retained profits of HK$6,415,000. Turnover, net of value added tax of HK$130,000 and cost of sales were decreased by HK$12,691,000 and HK$6,276,000, respectively, for the year ended 31 March 2019.

Customer loyalty programmes
The Group maintains loyalty points programmes within its retail shops in Hong Kong and the People's Republic of China (the "PRC"), which allow customers to accumulate point award credits upon purchase of goods in the shops and joining the programmes. The point award credits can then be redeemed for goods or other gifts, subject to certain terms and conditions. Prior to adoption of HKFRS 15, the loyalty points programmes offered by the Group resulted in the allocation of a portion of the transaction price to the loyalty point programmes using the fair value of award credits granted for which they could be redeemed and recognition of deferred revenue in relation to award credits granted but not yet redeemed or expired. The Group concluded that under HKFRS 15, the loyalty points programmes give rise to a separate performance obligation because they provide a material right to the customer and a portion of the transaction price would be allocated to the loyalty credits awarded to customers based on the relative stand-alone selling price. The Group determined that, considering the relative stand-alone selling prices, the amount allocated to the loyalty points programs compared with that before adoption of HKFRS 15 was not significant and thus, no adjustment was made to the opening balance of retained profits as at 1 April 2018.

(ii) Consideration received from customers in advance

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as other payables. Under HKFRS 15, the amount is classified as contract liabilities and included in other payables and accruals.

Upon adoption of HKFRS 15, the Group reclassified HK$11,252,000 and HK$10,478,000 from other payables to contract liabilities as at 1 April 2018 and 31 March 2019 in relation to the consideration received from customers in advance for the sale of jewellery products as at the respective dates.

4. Turnover

An analysis of turnover is as follows:

	Year ended 31 March 2019 HK$'000	Thirteen months ended 31 March 2018 HK$'000
Revenue from contracts with customers		
Sales of jewellery products	**4,008,945**	4,082,624
Service income	**55,975**	54,555
	4,064,920	4,137,179

5. Operating segment information

For management purposes, the Group is organised into business units based on business nature and has three reportable operating segments as follows:

(a) Retail Business (including Hong Kong, Macau, Mainland China and Malaysia);
(b) Wholesale Business; and
(c) Other Businesses.

Retail Business includes direct retail sales of jewellery products to end consumers through the physical outlets carrying the trademark of TSL|謝瑞麟. It also includes the service fee income received from the provision of retail management services to other retailers.

Wholesale Business includes wholesale sales of jewellery products to customers.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that unallocated expenses, finance costs and income tax expense are excluded from such measurement.

Segment assets exclude deferred tax assets and tax recoverable as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities, finance lease payables and employee benefit obligations as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

5. Operating segment information (continued)

Year ended 31 March 2019	Retail Business HK$'000	Wholesale Business HK$'000	Other Business HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	**3,031,899**	**821,038**	**156,008**	**4,008,945**
Other revenue	**55,975**	**-**	**-**	**55,975**
	3,087,874	**821,038**	**156,008**	**4,064,920**
Segment results:	**94,703**	**147,813**	**22,905**	**265,421**
Reconciliation:				
Unallocated expenses				**(115,619)**
Finance costs				**(50,360)**
Income tax expense				**(45,275)**
Profit for the Year				**54,167**
Segment assets:	**2,229,944**	**90,584**	**69,573**	**2,390,101**
Reconciliation:				
Deferred tax assets				**49,275**
Tax recoverable				**17,771**
Total assets				**2,457,147**
Segment liabilities:	**(458,905)**	**(83,034)**	**(4,912)**	**(546,851)**
Reconciliation:				
Interest-bearing bank and other borrowings				**(786,984)**
Tax payable				**(16,550)**
Deferred tax liabilities				**(17,717)**
Finance lease payables				**(680)**
Employee benefit obligations				**(2,655)**
Total liabilities				**(1,371,437)**
Other segment information:				
Depreciation	**55,379**	**1,460**	**1,264**	**58,103**
Capital expenditure*	**68,126**	**-**	**37,725**	**105,851**
Disposal of fixed assets	**(1,394)**	**-**	**(124)**	**(1,518)**

* Capital expenditure consists of additions to property, plant and equipment.

5. Operating segment information (continued)

	Retail Business HK$'000	Wholesale Business HK$'000	Other Business HK$'000	Total HK$'000
Thirteen months ended 31 March 2018				
Segment revenue:				
Sales to external customers	3,169,974	724,218	188,432	4,082,624
Other revenue	54,555	-	-	54,555
	3,224,529	724,218	188,432	4,137,179
Segment results:	149,778	129,387	(20,199)	258,966
Reconciliation:				
Unallocated expenses				(124,768)
Finance costs				(44,348)
Income tax expense				(40,342)
Profit for the period				49,508
Segment assets:	2,185,337	215,294	84,272	2,484,903
Reconciliation:				
Deferred tax assets				57,784
Tax recoverable				11,163
Total assets				2,553,850
Segment liabilities:	(446,220)	(120,846)	(3,686)	(570,752)
Reconciliation:				
Interest-bearing bank and other borrowings				(785,535)
Tax payable				(16,579)
Deferred tax liabilities				(17,081)
Finance lease payables				(1,323)
Employee benefit obligations				(9,766)
Total liabilities				(1,401,036)
Other segment information:				
Depreciation	59,622	1,584	741	61,947
Capital expenditure*	54,724	-	2,499	57,223
Disposal of fixed assets	(135)	-	(63)	(198)

* Capital expenditure consists of additions to property, plant and equipment.

5. Operating segment information (continued)

(a) Geographical information

Revenue from external customers

	Year ended 31 March 2019 HK$'000	Thirteen months ended 31 March 2018 HK$'000
Hong Kong and Macau	**1,492,030**	1,531,270
Mainland China	**2,511,694**	2,543,868
Other countries	**61,196**	62,041
	4,064,920	4,137,179

The revenue information above is based on the locations of the customers.

Non-current assets

	At 31 March 2019 HK$'000	At 31 March 2018 HK$'000
Hong Kong and Macau	**138,237**	97,657
Mainland China	**51,027**	43,753
Other countries	**3,095**	3,540
	192,359	144,950

The non-current asset information above is based on the locations of the assets and excludes rental deposits and deferred tax assets.

(b) Information about major customers

The turnover from the Group's largest customer amounted to less than 10% of the Group's total turnover for the current Year and prior period.

6. Other income and (losses)/gains, net

	Year ended 31 March 2019 HK$'000	Thirteen months ended 31 March 2018 HK$'000
Interest income	**3,808**	3,393
Foreign exchange differences, net	**(6,566)**	6,078
Government grants*	**437**	1,609
Fair value (loss)/gain on gold loans designated as at fair value through profit or loss	**(2,509)**	162
Gain on sales of scrap gold	**484**	1,066
Repair service income	**1,041**	1,016
Others	**3,033**	6,620
	(272)	19,944

* This represents subsidies from municipal governments in Mainland China. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. Finance costs

An analysis of finance costs is as follows:

	Year ended 31 March 2019 HK$'000	Thirteen months ended 31 March 2018 HK$'000
Interest on bank loans, overdrafts and other loans	**38,648**	40,628
Interest on finance leases	**57**	58
Interest on gold loans	**1,034**	295
Other charges	**10,621**	3,367
	50,360	44,348

8. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 March 2019 HK$'000	Thirteen months ended 31 March 2018 HK$'000
Cost of goods sold*	**2,450,509**	2,484,454
(Reversal of provision)/provision for impairment of inventories, net	**(4,951)**	21,219
Depreciation	**58,103**	61,947
Minimum lease payments in respect of operating leases**	**217,291**	237,370
Auditor's remuneration	**2,970**	2,860
Employee benefit expense (including directors' remuneration):		
Wages, salaries and other benefits	**630,839**	624,066
Pension scheme contributions***	**8,486**	8,120
Employee benefit obligations	**339**	394
	639,664	632,580
Fair value loss/(gain) on gold loans designated as at fair value through profit or loss****	**2,509**	(162)
Loss on disposal of items of property, plant and equipment	**1,364**	68

* Cost of goods sold includes HK$103,198,000 (thirteen months ended 31 March 2018: HK$94,099,000) relating to employee benefit expense, depreciation, and operating lease payments, which are also included in the respective total amounts disclosed separately above under each of these types of expenses.

** Not including commission payments/contingent rental in relation to sales counters in department stores and shopping malls.

*** At 31 March 2019, there were no forfeited contributions available to the Group to reduce its contributions to pension schemes in future years (31 March 2018: Nil).

**** These amounts are included in "Other income and (losses)/gains, net" in the consolidated statement of profit or loss. The purpose of the above gold loans entered into by the Group was to manage the Group's gold price exposure. Such loans did not meet the criteria for hedge accounting.

9. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year. Taxes on profits assessable in places other than Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 March 2019 HK$'000	Thirteen months ended 31 March 2018 HK$'000
Current – Hong Kong		
Charge for the Year/period	**6,673**	3,435
(Overprovision)/underprovision in prior years	**(60)**	3,230
Current – other than Hong Kong		
Charge for the Year/period	**30,359**	35,075
Underprovision in prior years	**18**	8
Deferred	**8,285**	(1,406)
	45,275	40,342

10. Dividends

	Year ended 31 March 2019 HK$'000	Thirteen months ended 31 March 2018 HK$'000
First interim dividend declared and paid (2018/19: HK$0.048 per ordinary share) (2017/18: HK$0.021 per ordinary share)	**11,902**	5,170
Second interim dividend declared and paid (2018/19: Nil) (2017/18: HK$0.073 per ordinary share)	**-**	18,019
Proposed final dividend (2018/19: HK$0.056 per ordinary share) (2017/18: Nil)	**13,919**	-
	25,821	23,189

The proposed final dividend for the Year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and has not been recognised as a liability at the end of the reporting period.

10. Dividends (continued)

The Board recommended that the final dividend be satisfied wholly in the form of an allotment of scrip shares. Shareholders will be given the option of receiving the final dividend wholly in cash in lieu of such allotment, or partly in cash and partly in the form of scrip shares. The arrangement is subject to: (1) the approval of proposed final dividend at the forthcoming annual general meeting of the Company; and (2) The Stock Exchange of Hong Kong Limited's granting the listing of and permission to deal in the scrip shares to be issued in respect of the final dividend.

11. Earnings per share attributable to owners of the Company

The calculation of basic earnings per share amount is based on the profit for the Year attributable to owners of the Company of HK$54,161,000 (thirteen months ended 31 March 2018: HK$49,419,000), and the weighted average number of ordinary shares of 247,871,246 (31 March 2018: 246,836,860) in issue during the Year.

No diluted earnings per share amounts have been presented for the year ended 31 March 2019 and for the thirteen months ended 31 March 2018 as the impact of the share options outstanding had no diluting effect on the basic earnings per share amounts presented.

12. Trade receivables

	At 31 March 2019 HK$'000	At 31 March 2018 HK$'000
Trade receivables	**160,920**	189,218
Impairment	**(12,804)**	-
	148,116	189,218

The Group's retail sales are normally made on a cash basis. Credit card receivables from financial institutions in respect of retail sales are aged within one month. Apart from retail customers, the Group allows an average credit period from 30 to 90 days for other customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing in general.

12. Trade receivables (continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowances, is as follows:

	At 31 March 2019 HK$'000	At 31 March 2018 HK$'000
Within 1 month	**139,414**	170,290
1 to 2 months	**2,827**	12,899
2 to 3 months	**1,298**	1,272
Over 3 months	**4,577**	4,757
Total trade receivables	**148,116**	189,218

13. Trade payables

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 31 March 2019 HK$'000	At 31 March 2018 HK$'000
Within 1 month	**40,551**	119,039
1 to 2 months	**51,239**	39,278
2 to 3 months	**36,443**	48,560
Over 3 months	**96,270**	67,416
Total trade payables	**224,503**	274,293

The trade payables are non-interest-bearing.

14. Share capital

	At 31 March 2019 HK$'000	At 31 March 2018 HK$'000
Authorised:		
1,500,000,000 ordinary shares of HK$0.25 each	**375,000**	375,000
Issued and fully paid:		
248,551,651 (31 March 2018: 246,836,860) ordinary shares of HK$0.25 each	**62,138**	61,709

A summary of the movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital HK$'000**
At 1 March 2017	210,336,221	52,584
Bonus issue (note 1)	35,055,657	8,764
Scrip issue (note 2)	1,444,982	361
At 31 March 2018 and 1 April 2018	246,836,860	61,709
Scrip issue (note 3)	1,714,791	429
At 31 March 2019	248,551,651	62,138

Note 1: A bonus issue of one bonus share for every six existing shares held by members on the register of members of the Company on 27 July 2017 was made (the "Bonus Share"), at an issue price of HK$0.25 per Bonus Share, resulting in an increase of share capital of HK$8,764,000 and decrease of share premium of HK$8,764,000 accordingly.

Note 2: The scrip issue included the scrip dividends for 2016/17 final dividend and 2017/18 first interim dividend, resulting in the issue of 1,444,982 shares for a total consideration of HK$3,726,000, representing an increase of share capital and share premium of HK$361,000 and HK$3,365,000, respectively.

Note 3: The scrip issue included the scrip dividends for 2017/18 second interim dividend and 2018/19 interim dividend, resulting in the issue of 1,714,791 shares for a total consideration of HK$3,625,000, representing an increase of share capital and share premium of HK$429,000 and HK$3,196,000, respectively.

15. Pledge of assets

(a) The Group entered into banking facility arrangements with a bank pursuant to which the Group's land and buildings in Hong Kong with an aggregate carrying value as at 31 March 2019 of HK$77,789,000 (31 March 2018: HK$49,899,000) were mortgaged by way of a first legal charge, as security for, *inter alia*, all obligations and liabilities, actual or contingent, from time to time owing by the Group to that bank (the "Existing Facilities").

On 29 March 2019, the Group entered into a facilities agreement (the "New Facilities") with Hang Seng Bank Limited, China CITIC Bank International Limited, China Construction Bank (Asia) Corporation Limited, Fubon Bank (Hong Kong) Limited, United Overseas Bank Limited, Chong Hing Bank Limited and Bangkok Bank Public Company Limited, Hong Kong Branch acting as mandated lead arrangers and original lenders, pursuant to which certain loan facilities, comprising a term loan and a revolving loan, in the aggregate amount of HK$820,000,000 has been granted. The New Facilities was used to repay the Existing Facilities and the Notes, as mentioned in note 15(b), on 26 April 2019. The legal charge of the land and buildings under the Existing Facilities was released and mortgaged again under New Facilities by way of a first legal charge, as security for, *inter alia*, all obligations and liabilities, actual or contingent, from time to time owing by the Group to those banks.

(b) The Group entered into a subscription agreement with two institutional investors for senior secured notes (the "Notes") issued by a subsidiary of the Group in Hong Kong, pursuant to which certain inventories (i.e. up to an aggregate book value of HK$200,000,000 of raw materials, work-in-progress and finished goods) of such subsidiary were pledged by way of a first floating charge (the "Floating Charge"), as security for, *inter alia*, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the two institutional investors. The Notes were fully redeemed on 26 April 2019 and the Floating Charge was consequently released.

(c) As at 31 March 2019, time deposits of the Group denominated in Renminbi equivalent to approximately HK$159,302,000 (31 March 2018: HK$52,500,000) have been pledged to secure standby letters of credit relating to a cross border treasury arrangement.

FINAL DIVIDEND

The Board recommends a final dividend of 5.6 HK cents (2017/18 final dividend: nil) per ordinary share of the Company, amounting to a total final dividend of approximately HK$13,919,000 (2017/18 final dividend: nil) for the Year. Together with the interim dividend of 4.8 HK cents (2017/18 first interim divided: 2.1 HK cents and 2017/18 second interim dividend: 7.3 HK cents) per ordinary share of the Company paid on Monday, 7 January 2019, total dividend will amount to 10.4 HK cents (2017/18: 9.4 HK cents) per ordinary share of the Company for the Year.

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company (the "2019 AGM") to be held on Wednesday, 11 September 2019, is expected to be payable on Thursday, 17 October 2019 to shareholders whose names appear on the register of members of the Company on Thursday, 19 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(a) from Friday, 6 September 2019 to Wednesday, 11 September 2019 (both days inclusive), for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2019 AGM. In order to be entitled to attend and vote at the 2019 AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Thursday, 5 September 2019; and

(b) from Wednesday, 18 September 2019 to Thursday, 19 September 2019 (both days inclusive), for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to be qualified for the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the address as set out in sub-paragraph (a) above no later than 4:30 p.m. (Hong Kong Time) on Tuesday, 17 September 2019.

During the periods mentioned in sub-paragraphs (a) and (b) above, no transfer of shares will be registered.

REVIEW AND OUTLOOK

Management's Discussion and Analysis

Results of the Group

As a result of the change of the Group's financial year end from 28 February (or 29 February in a leap year) to 31 March, the last financial period reported by the Group covered a thirteen-month period from 1 March 2017 to 31 March 2018 whereas the current financial year covers a twelve-month period from 1 April 2018 to 31 March 2019. Accordingly, the comparative figures shown in the consolidated financial statements and throughout this annual results announcement are not entirely and directly comparable due to the one-month difference in the length of the reporting periods.

The turnover of the Group for the Year was HK$4,065 million, representing a slight decrease of 1.7% when compared with the Group's turnover of HK$4,137 million for the thirteen months ended 31 March 2018 ("2017/18"). The profit attributable to owners of the Company for the Year grew by 9.6% to HK$54.2 million from HK$49.4 million in 2017/18, which is particularly pleasing considering that the reporting period was one month less than that in 2017/18. Earnings per share for the Year was 21.9 HK cents.

Continuing the upturn of the local retail industry in Hong Kong seen in 2017/18, the result for the Year was assisted by the improvement in consumer sentiment throughout the first half of the Year. However, conversely, towards the end of the Year, the Group started to feel the trickle down effects of the trade dispute between the United States and China which has adversely affected the market sentiment and consumer confidence and resulted in the depreciation in the Renminbi all leading to a slowdown in the global economy and in the local retail sales performance. Particularly, the fluctuation in Renminbi has inevitably brought adverse impact on the Group's performance in the second half of the Year. The Group is responding to these challenges with unique signature products and reinforcement of our market positioning as "Wedding Expert", all aimed to offset the negative effects of the same.

During the Year, the Group has demonstrated its vision to optimize its retail network across Asia and broaden its international presence through new store openings in Hong Kong, Mainland China and Malaysia. Going forward, we will continue to seize the opportunities for developing existing and new business channels and expanding our retail network in all the regions where we operate, while being cautious and keeping a close watch on any and all changes as and when they occur in the market.

Business Review

Retailing Business
Hong Kong and Macau

The performance of the retail market in Hong Kong and Macau improved during the Year, buoyed by a subsisting recovery of the local retail market since 2017/18 that eventually diminished with the effects of the escalating US-China trade tensions. The overall year-on-year decrease of 0.2% in the turnover of our Hong Kong and Macau retail businesses can be accounted for by the one-month difference in the reporting periods between the Year and 2017/18. The same store sales growth of our retail chain stores in Hong Kong (apart from those at Headquarters) and Macau was 2.8%. As a result of our gold product promotions and product assortment enrichment, the average amount per invoice rose steadily by 5.6%.

The general downtrend of retail rental rates in Hong Kong continued during the Year. Consequently, we took advantage of these more reasonable rates and improved our rental cost effectiveness. We also took the opportunities to enlarge the shop areas of our existing retail stores located at Times Square in Causeway Bay and Plaza Hollywood in Diamond Hill. To further expand our retail store network, we have also recently opened a new store in MCP Central (Phase II) in Tseung Kwan O, which is a popular shopping mall in a developed district with various large-scale residential property developments. Anticipating the sustained growth of tourism due to the opening of the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge, we will continue extending our footprint in high-traffic tourist areas as a part of our strategies to benefit from the market opportunities, while being watchful of the rental levels and changing market conditions. We will also continue to enhance our store network in residential areas in order to further penetrate into the local market.

Mainland China

Our self-operated stores in Mainland China continue to be a key driver of the Group's business growth and its future development, accounting for 36.6% of the Group's turnover during the Year. Being ever mindful of the continuing trend of shopping activities shifting from department stores to shopping malls, we have been readjusting our retail strategy for the Mainland China region in response. As the effects of our repositioning strategy in progress are yet to be reflected in our performance, coupled with the one-month difference in the reporting periods between the Year and 2017/18, our same store sales growth was adversely affected during the Year. We expect this sector to deliver a better performance in the near future as the benefits of the modified strategy and our continuous franchise network optimization come to fruition.

During the Year, 12 new self-operated stores and 43 new franchised stores were opened resulting in our total number of stores in Mainland China increasing from 380 to 435 (including 205 self-operated stores and 230 franchised stores). We will keep on expanding our retail network in Mainland China with the intention of opening an additional 100 new stores over the coming two years.

The Group has also been taking note of the prevalence of e-commerce in Mainland China and has accordingly enhanced our online strategy to capitalize on this boom. In June 2018, we successfully launched our official website for mobile users in China, which has significantly elevated our online-to-offline and offline-to-online business opportunities. In particular, our official website gives the Group greater access to the youth market, which possesses considerable spending power, in order to capture younger customers' growing demand for jewellery.

Malaysia

The performance of our retail business in Malaysia during the Year was similar to 2017/18, with the turnover remaining stable. Fuelled by the Group's confidence in the jewellery retail industry in this region, we opened a new retail outlet in Genting during the Year which increased the total number of our retail stores in Malaysia to 5. We will continue to take a prudent approach while endeavouring to maintain brand presence in regions beyond Greater China.

Wholesale Business

It is one of the Group's ongoing pursuits to build up our wholesale business and expand the reach of our franchise network in Mainland China. We are delighted with the progress of our franchise network expansion during the Year. The total number of our franchised stores increased from 187 to 230, boosting our confidence in achieving the goal of opening 100 new retail stores within the next two years. As a result of the successful implementation of the Group's franchising model, the turnover of our wholesale business continued to rise, with an increase of 13.2% during the Year. With caution, we will continue to identify appropriate business partners for our franchising business to propel the growth of both our retail sales and wholesale business.

Other Businesses

Our e-business maintained its steady growth during the Year with improved sales performance. As online shopping and consumption becomes increasingly pervasive and e-commerce ubiquitous across the globe, we are optimistic that e-business platforms will become a crucial and sustainable source of revenue for the Group going forward. In addition to the Group's existing official website for Mainland China, an official website for Hong Kong is in the pipeline, which is expected to further bolster the online-to-offline and offline-to-online effects. We will also deepen our cooperation with e-business platforms to expand the Group's online presence.

Outlook

The forthcoming 70th anniversary of the founding of the People's Republic of China and campaigns for the presidential race in the United States in the second half of 2019 may serve as positive catalysts for the domestic and global economy. However, the outcome of the current trade negotiations between China and the US remain shrouded in uncertainty, that has the potential to undermine worldwide economic stability. As consumer sentiment is sensitive to political undercurrents and the retail market in our major operating regions is vulnerable to the depreciation pressure on Renminbi, the Group anticipates the upcoming financial year to be a challenging one for retailers. The Group's management has taken the political and economic situation into consideration when formulating business strategies and future plans, and put in place effective cost saving measures and risk management systems to combat the market challenges. By adjusting our business strategies in a timely and forward-looking manner, further refining our workflow and organizational structure and strengthening our talent pool, we are confident that the Group will continue to thrive despite volatile market conditions and deliver higher returns to our shareholders in the future.

We will persist in pursuing our store-for-store strategy and identifying favourable locations with guaranteed footfall for additional stores to improve the profitability and performance of our operations in Hong Kong and Macau going forward. For the Mainland China region, we will maintain the business expansion through opening new self-operated stores and franchised stores nationwide. On the whole, the Group's management will critically consider and assess all relevant factors before making any decisions on lease renewal and new tenancy. We believe that taking a cautious approach will help achieve the sustainable development of our retail businesses.

In addition to ongoing retail network expansion, the Group will also continue to invest in boosting brand awareness and building brand image. We are always looking to continue to establish and maintain great stores by offering enriched product assortment, enhanced customer experiences and launching novel and unique signature products. Putting our focuses on further enhancement of customer experience by revamp of our IT infrastructure will be the next phase of our development. Going forward, we will redouble our efforts to fulfil our customers' demands with efficient collection and utilization of market data and reinforce the Group's core positioning of Trendsetting designs and state-of-the-art Craftsmanship through product mix refinement. By launching more fairly priced and stylish jewellery accessories and making good use of the online platforms, we expect to bring in more customers, especially the younger generation to further enhance our market position.

Financial Structure

Capital expenditure, comprising mainly store renovation and expansion, furniture & fixtures and machinery, incurred during the Year amounted to approximately HK$106 million (2018: HK$57 million), which was mainly financed by borrowings and funds generated from internal resources.

As at 31 March 2019, the Group's total interest-bearing liabilities (including bank and other borrowings and finance lease payables) remained at the same level at HK$788 million (2018: HK$787 million), which are all classified as current liabilities. Net borrowings (total interest-bearing liabilities less cash and cash equivalents and time deposits) decreased from HK$466 million (as at 31 March 2018) to HK$377 million.

Internally generated funding and borrowings have mainly been applied during the Year to finance the enhancement of the Group's inventory, the opening of new stores and capital expenditure incurred.

The net gearing ratio (the ratio of total interest-bearing liabilities (less cash and cash equivalents and time deposits) to total equity) recognizably decreased from 40% to 35% during the Year and is progressively improving. All borrowings of the Group are denominated in Hong Kong dollars or Renminbi. Interest on bank borrowings is calculated on either the inter-bank interest rate or the prime rate or the benchmark interest rate.

As at 31 March 2019, the Group had time deposits, cash and bank balances, and undrawn banking facilities of approximately HK$411 million and HK$261 million respectively which, in the opinion of the directors of the Company, should be sufficient to meet the Group's present working capital requirements.

Exchange Rates

During the Year, the transactions of the Group were mainly denominated in local currencies and United States dollars. The impact of any fluctuation of the exchange rate of these currencies to the Group is minimal.

Charge on Group Assets and Contingent Liabilities

Charges on the Group's assets during the Year are disclosed in the consolidated financial statements. The Group did not have any material contingent liabilities which have not been provided for in the financial statements as at 31 March 2019 (2018: Nil).

Human Resources

As at 31 March 2019, the total number of employees of the Group was approximately 3,300 (2018: 3,100). The change was mainly due to the Group's business strategy with due regard to the market conditions. There were no major changes in human resources policies.

Employees are rewarded on a performance basis with reference to market rates. Other employee benefits include medical cover and subsidies for job-related continuing education. Retail frontline staff are provided with formal on-the-job training by internal senior staff and external professional trainers. A discussion forum and in-house seminars are available for experience sharing.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the Group's consolidated financial statements for the Year.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code of the Listing Rules

The Company is committed to the establishment of good governance practices and procedures. During the Year, the Company has applied the principles and complied with all of the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for the deviation of code provision of the CG Code as expressly below.

Code provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and clearly established and set out in writing. During the Year, the roles of the Chairman and the Chief Executive Officer of the Company were performed by Ms. Yau On Yee, Annie. The Board considered that the current management structure had operated efficiently. According to the Company's practice, all major strategic decisions are taken by the Board, or relevant committee of the Board, as duly constituted.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Year.

ANNUAL GENERAL MEETING

The 2019 AGM will be held on Wednesday, 11 September 2019. A notice of the 2019 AGM will be published and despatched to shareholders in due course.

By order of the Board
Tse Sui Luen Jewellery (International) Limited
YAU On Yee, Annie
Chairman

Hong Kong, 19 June 2019

At the date of this announcement, the Board comprises:

Executive Directors:
Ms. YAU On Yee, Annie
Ms. NG Yi Kum, Estella

Non-executive Director:
Mr. Erwin Steve HUANG

Independent Non-executive Directors:
Mr. CHUI Chi Yun, Robert
Mr. CHAN Yue Kwong, Michael
Mr. CHOW Chee Wai, Christopher