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 2011/2012

FINANCIAL HIGHLIGHTS

	2012 HK$'000	2011 HK$'000	Change
Turnover	3,359,063	2,517,543	+33.4%
Profit from operations	245,184	216,982	+13.0%
Profit attributable to owners of the Company	162,347	176,118	-7.8%
Basic earnings per share	77.2 cents	83.7 cents	-7.8%
Proposed final dividend	12.5 cents	12 cents	+4.2%
Total dividends for the year	15.2 cents	14.7 cents	+3.4%
Total equity attributable to owners of the Company	938,247	811,624	+15.6%
Equity attributable to per ordinary share of the Company	HK$4.46	HK$3.86	+15.6%

BUSINESS HIGHLIGHTS

- Net Profit was HK$162.3 million. Excluding last year's write back of overprovision for the settled tax dispute of HK$46.6 million, it represents a growth of 25.3% from last year of HK$129.5 million.
- Hong Kong Retail team won "Customer Service Excellence Award of FAPRA AWARDS 2011" by The Federation of Asia-pacific Retailers Associations (FAPRA).
- The Group has rolled out our new corporate positioning: "Trend-setting Craftsmanship 「非凡工藝　潮流演繹」" with the participation of the world's renowned micro-sculptor, Mr. Willard Wigan in our jewellery exhibition, and establishment of a "Fall/Winter Collection Launch" platform to exemplify this positioning.

* *For identification purpose only*

Tse Sui Luen Jewellery (International) Limited
30 May 2012

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 29 February 2012 was HK$162,347,000 (2011: HK$176,118,000). The basic earnings per share was 77.2 HK cents (2011: 83.7 HK cents). The consolidated results of the Company and its subsidiaries (the "Group") for the year ended 29 February 2012 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2012

	Note	**29 February 2012 HK$'000**	28 February 2011 HK$'000
Turnover	4	**3,359,063**	2,517,543
Cost of goods sold		**(1,749,865)**	(1,224,836)
Gross profit		**1,609,198**	1,292,707
Other income	5	**14,674**	5,813
Selling expenses		**(1,228,604)**	(964,970)
Administrative expenses		**(150,084)**	(116,568)
Profit from operations		**245,184**	216,982
Write back of tax surcharge and interest/compounds provision	7 (b)	**-**	19,389
Finance costs	6 (a)	**(9,377)**	(5,708)
Profit before taxation	6	**235,807**	230,663
Taxation	7	**(54,811)**	(30,425)
Profit for the year		**180,996**	200,238
Other comprehensive income			
Exchange difference arising on translation of financial statements of foreign subsidiaries		**19,983**	34,117
Other comprehensive income for the year, net of tax		**19,983**	34,117
Total comprehensive income for the year		**200,979**	234,355
Profit attributable to :			
Owners of the Company		**162,347**	176,118
Non-controlling interests		**18,649**	24,120
		180,996	200,238

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
FOR THE YEAR ENDED 29 FEBRUARY 2012

	Note	**29 February 2012 HK$'000**	28 February 2011 HK$'000
Total comprehensive income attributable to:			
Owners of the Company		**179,147**	206,764
Non-controlling interests		**21,832**	27,591
		200,979	234,355
Earnings per share			
Basic	9	**77.2 cents**	83.7 cents
Diluted	9	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 29 FEBRUARY 2012

	Note	29 February 2012 HK$'000	28 February 2011 HK$'000
Non-current assets			
Property, plant and equipment		**137,932**	124,538
Other asset		**500**	500
Deposits	10	**23,126**	-
Deferred tax assets		**21,036**	19,015
		182,594	144,053
Current assets			
Inventories		**1,593,216**	1,268,497
Trade and other receivables	10	**215,533**	233,437
Current tax assets		**1,237**	1,349
Cash at bank and in hand		**102,512**	121,935
		1,912,498	1,625,218
Current liabilities			
Trade and other payables	11	**(632,803)**	(554,249)
Bank overdrafts – secured		**(44,063)**	(18,054)
Bank loans		**(269,246)**	(193,880)
Interest bearing payable		**(120,000)**	-
Obligations under finance leases		**(4,179)**	(1,881)
Current tax liabilities		**(39,895)**	(37,374)
		(1,110,186)	(805,438)
Net current assets		**802,312**	819,780
Total assets less current liabilities		**984,906**	963,833
Non-current liabilities			
Obligations under finance leases		**(2,552)**	(1,825)
Employee benefit obligations		**(19,727)**	(12,745)
Deferred tax liabilities		**(24,380)**	(16,837)
		(46,659)	(31,407)
NET ASSETS		**938,247**	932,426
CAPITAL AND RESERVES			
Share capital		**52,584**	52,584
Reserves		**885,663**	759,040
Total equity attributable to owners of the Company		**938,247**	811,624
Non-controlling interests		**-**	120,802
TOTAL EQUITY		**938,247**	932,426

Notes

1. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 March 2011. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

(a) HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

i. HKFRS 3 Business Combinations: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008). In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS. The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

1. Adoption of new and revised Hong Kong Financial Reporting Standards (cont'd)

ii. HKAS 1 Presentation of Financial Statements: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

iii. HKAS 27 Consolidated and Separate Financial Statements: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 (as revised in 2008) is applied earlier.

2. Statement of compliance

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and the disclosure requirements of Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 3 below.

3. Critical judgements and key estimates

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amount recognised in the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

3. Critical judgements and key estimates (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future, and the key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Useful lives and depreciation of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges of its property, plant and equipment. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charge where useful lives are less than previously estimated lives, and will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

(ii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and variable selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. The directors reassess the estimations at the end of each reporting period.

(iii) Allowance for bad and doubtful debts

The Group determines the allowance for bad and doubtful debts based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of the customers and other debtors and the current market condition. The directors reassess the allowance at the end of each reporting period.

(iv) Customer loyalty programmes

The Group measures the cost of the loyalty award credits by reference to the costs of products and gifts redeemed in the prior years and the probability of redemption are estimated by the directors based on the past history. Actual results may different from the estimation.

3. Critical judgements and key estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

(v) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. Turnover

The principal activities of the Group are the manufacture, sale and marketing of jewellery products. Turnover represents the sales value of jewellery products sold to customers, net of value added tax and discount.

5. Other income

	2012	2011
	HK$'000	HK$'000
Interest income	**460**	760
Rental income	**-**	159
Net foreign exchange gains/(losses)	**7,316**	(789)
Others	**6,898**	5,683
	14,674	5,813

6. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2012 **HK$'000**	2011 HK$'000
(a) Finance costs		
Interest on bank loans and overdrafts wholly repayable within five years	**9,139**	5,650
Interest on other loan wholly repayable within five years	**-**	43
Interest element of finance lease payments	**238**	15
	9,377	5,708

The analysis shows the finance costs of bank borrowings, including terms loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates set out in the loan agreements.

	2012 **HK$'000**	2011 HK$'000
(b) Staff costs		
Contributions to defined contribution retirement plan	**7,288**	5,864
Adjustment in respect of long service payments	**6,982**	1,593
Retirement costs - net	**14,270**	7,457
Salaries, wages and other benefits	**440,308**	343,956
	454,578	351,413

6. Profit before taxation (cont'd)

	2012 **HK$'000**	2011 HK$'000
(c) Other items		
Auditors' remuneration		
- current year provision		
- auditor of the Company	**2,000**	2,000
- other auditors	**375**	260
Cost of goods sold	**1,749,865**	1,224,836
Depreciation	**54,543**	42,176
Loss on disposal of property, plant and equipment	**15**	58
Operating lease charges		
- land and buildings situated in Hong Kong	**121,841**	87,391
- land and buildings situated other than in Hong Kong	**30,185**	23,138
Provision / (reversal of provision) for inventories	**3,668**	(10,830)
Rental income from properties less direct outgoings		
- rental income	**-**	(159)
- direct outgoings	**-**	18
	-	(141)
Reversal of allowance for bad and doubtful debts	**(14,155)**	(115)

Cost of goods sold includes HK$78,318,000 (2011: HK$62,999,000) relating to staff costs, depreciation expenses, operating lease charges, which amounts are also included in the respective total amounts disclosed separately above in note 6(b) and 6(c) for each of these types of expenses.

7. Taxation

Taxation recognised in profit or loss in the consolidated statement of comprehensive income represents:

	2012 HK$'000	2011 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**12,955**	8,122
Underprovision / (overprovision) in prior years (note (b))	**350**	(28,643)
	13,305	(20,521)
Current tax – overseas		
Provision for the year	**37,817**	44,264
(Overprovision) / underprovision in prior years	**(1,669)**	49
	36,148	44,313
Deferred tax	**5,358**	6,633
	54,811	30,425

(a) Hong Kong Profits Tax has been provided at a rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Inland Revenue Department ("IRD"), in prior years, issued protective profits tax assessments and additional tax proposals for the years ended 29 February 1996 to 28 February 2005 with respect to the disputes between certain subsidiaries of the Company with IRD regarding the tax treatment of certain offshore income and agents commission payments and promoter fees for prior years (the "Tax Disputes"). The Group had established full provision for all assessments and additional tax proposed issued by IRD in respect of the Tax Disputes in the previous years. Provisions for tax surcharges and interest/compounds totalling HK$32 million were also made on the then outstanding balances of assessments and proposed additional tax in prior years.

The Group submitted proposals to IRD on 30 April 2010 for settlement of the Tax Disputes up to the year ended 28 February 2009 and these proposals were accepted by IRD. The Group's subsidiaries respectively received revised assessments on the Tax Disputes totalling HK$67 million in August 2010. Furthermore, in the letters received by the Group in October 2010, IRD agreed, upon payment of compounds of HK$9 million, not to take any further action under the Inland Revenue Ordinance against the Group in relation to the Tax Disputes.

7. Taxation (cont'd)

As the Tax Disputes have been fully settled, the excessive tax provision and the related tax surcharge and interest/ compounds provision of HK$27 million and HK$19 million made in previous years have been written back to the profit or loss in the statement of comprehensive income for the year ended 28 February 2011.

8. Dividends

	2012 **HK$'000**	2011 HK$'000
Interim dividend of HK$0.027 (2011: HK$0.027) per ordinary share paid	**5,679**	5,679
Proposed final dividend of HK$0.125 (2011: HK$0.12) per ordinary share	**26,292**	25,240
	31,971	30,919

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company in the amount of HK$162,347,000 (2011: HK$176,118,000) and on the weighted average number of ordinary shares of 210,336,221 (2011: 210,336,221 ordinary shares) in issued during the year.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in existence during the years ended 29 February 2012 and 28 February 2011.

10. Trade and other receivables

	2012 HK$'000	2011 HK$'000
Trade receivables	**160,458**	173,031
Other receivables, deposits and prepayments	**79,524**	75,884
	239,982	248,915
Less: Allowance for bad and doubtful debts (note (c))	**(1,323)**	(15,478)
	238,659	233,437
Less: Long-term rental deposits classified as non-current assets	**(23,126)**	-
	215,533	233,437

(a) Included in trade and other receivables are trade receivables (net of allowance for bad and doubtful debts) with the following ageing analysis, based on the invoice date:

	2012 HK$'000	2011 HK$'000
0 to 30 days	**137,863**	143,029
31 to 60 days	**12,300**	6,256
61 to 90 days	**2,177**	1,476
Over 90 days	**7,795**	7,792
Total trade receivables	**160,135**	158,553
Other receivables, deposits and prepayments (note (d))	**78,524**	74,884
	238,659	233,437

Apart from retail customers, the Group allows an average credit period from 30 to 90 days to other customers.

(b) The ageing analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2012 HK$'000	2011 HK$'000
Neither past due nor impaired	**158,877**	154,779
Less than 6 months past due	**1,211**	3,758
Over 6 months past due	**47**	16
	160,135	158,553

10. Trade and other receivables (cont'd)

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over those balances.

The directors consider that the trade and other receivables are approximate their fair values.

(c) Movements in allowance for bad and doubtful debts during the year were as follows:

	2012	2011
	HK$'000	HK$'000
At 1 March	**15,478**	15,593
Reversal of allowance for bad and doubtful debts	**(14,155)**	(115)
At 29/28 February	**1,323**	15,478

(d) Details of other receivables, deposits and prepayments are as follows:

	2012	2011
	HK$'000	HK$'000
Other receivables	**6,600**	8,540
Deposits	**58,636**	50,130
Prepayments	**13,288**	16,214
	78,524	74,884

11. Trade and other payables

(a) The ageing analysis of trade and other payables based on the date of receipt of goods, is as follows:

	2012	2011
	HK$'000	HK$'000
0 to 30 days	**42,851**	53,795
31 to 60 days	**49,666**	85,235
61 to 90 days	**48,887**	48,144
Over 90 days	**245,964**	150,676
Total trade payables	**387,368**	337,850
Other payables and accruals (note(b))	**245,435**	216,399
	632,803	554,249

The directors consider that the carrying amounts of the trade and other payables are approximate their fair values.

(b) Details of other payables and accruals are as follows:

	2012	2011
	HK$'000	HK$'000
Others payables	**72,536**	74,209
Customer deposits	**9,223**	9,891
Provision for liabilities	**22,719**	13,867
Accruals	**140,957**	118,432
	245,435	216,399

12. Segment reporting

(a) Information about segment profit, segment assets and segment liabilities:

	PRC (including Hong Kong and Macau)		**Others**		**Inter-segment elimination**		**Consolidated**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Year ended 29/28 February								
Revenue from external customers	**3,326,420**	2,493,975	**32,643**	23,568	**-**	-	**3,359,063**	2,517,543
Inter-segment revenue	**29,002**	10,640	**-**	-	**(29,002)**	(10,640)	**-**	-
Other revenue	**14,636**	4,640	**38**	1,173	**-**	-	**14,674**	5,813
Reportable segment revenue	**3,370,058**	2,509,255	**32,681**	24,741	**(29,002)**	(10,640)	**3,373,737**	2,523,356
Segment results	**247,260**	217,663	**(2,076)**	(681)			**245,184**	216,982
Write back of tax surcharge and interest/compounds provision							**-**	19,389
Finance costs							**(9,377)**	(5,708)
Taxation							**(54,811)**	(30,425)
Consolidated profit for the year							**180,996**	200,238
Depreciation for the year	**53,438**	41,847	**1,105**	329			**54,543**	42,176

12. Segment reporting (cont'd)

(a) Information about segment profit, segment assets and segment liabilities: (cont'd)

	PRC (including Hong Kong and Macau)		Others		Inter-segment elimination		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 29/28 February								
Segment assets	**2,119,027**	1,784,840	**39,196**	39,841	**(85,404)**	(75,774)	**2,072,819**	1,748,907
Deferred tax assets							**21,036**	19,015
Current tax assets							**1,237**	1,349
Consolidated total assets							**2,095,092**	1,769,271
Segment liabilities	**630,871**	552,983	**87,336**	77,040	**(85,404)**	(75,774)	**632,803**	554,249
Bank overdrafts – secured							**44,063**	18,054
Bank loans							**269,246**	193,880
Interest bearing payable							**120,000**	-
Deferred tax liabilities							**24,380**	16,837
Current tax liabilities							**39,895**	37,374
Obligations under finance lease							**6,731**	3,706
Employee benefit obligations							**19,727**	12,745
Consolidated total liabilities							**1,156,845**	836,845
Additions to non-current segment assets	**90,163**	44,539	**112**	3,253			**90,275**	47,792

(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 and prior year.

13. Events after the reporting period

On 20 April 2012, the Company has issued to CDH King Limited a principal amount of HK$250,000,000 five year term convertible bonds under which the bondholder can convert the principal into ordinary shares of the Company (the "Shares") with an initial conversion price at HK$6.40 per Share (the "Convertible Bonds"). The Convertible Bonds may be converted into the Shares at any time during the conversion period, on or after the Convertible Bonds' issuance date up to its maturity date. The Convertible Bonds are unsecured and subordinated to all present and future indebtednesses of the Company, excluding equity-linked debt securities which is any present or future indebtedness in the form of, or represented by, bonds, debentures, notes, loan stock, redeemable shares or other debt securities.

FINAL DIVIDEND

A final dividend of 12.5 HK cents per ordinary share, amounting to a total final dividend of approximately HK$26,292,000 (2011: HK$25,240,000) for the year ended 29 February 2012 to be proposed at the forthcoming annual general meeting of the Company. This, together with the interim dividend of 2.7 HK cents per ordinary share paid on Tuesday, 10 January 2012, will amount to a total dividend of 15.2 HK cents per ordinary share for the year (2011: 14.7 HK cents per ordinary share). Subject to the shareholders' approval at the forthcoming annual general meeting to be held on Monday, 23 July 2012 (the "2012 AGM"), the proposed final dividend will be paid on Monday, 6 August 2012 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 31 July 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 19 July 2012 to Monday, 23 July 2012 (both days inclusive), during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2012 AGM. In order to be entitled to attend and vote at the 2012 AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Wednesday, 18 July 2012.

Upon the approval by shareholders at the 2012 AGM, the proposed final dividend shall be distributed to shareholders whose names appear on the Register of Members of the Company on Tuesday, 31 July 2012 and the Register of Members of the Company will be closed from Friday, 27 July 2012 to Tuesday, 31 July 2012 (both days inclusive), during which period no transfer of shares will be registered, 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 forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Thursday, 26 July 2012.

REVIEW AND OUTLOOK

Letter to the Shareholders

I am glad to report that the Group achieved a net profit of HK$162.3 million for the year ended 29 February 2012 (the "Year"). Excluding the write-back of an overprovision for the settled tax dispute in the previous financial year, it represents a 25.3% growth over the previous year. Fueled by the strong demand from the Mainland China and the inbound visitors, the Group has been able to sustain its sales momentum and thus steadily improving our shareholders' value over the years.

With such encouraging results, the Group continued to re-invest its resources in brand building. Backed by an extensive nationwide consumer survey covering major cities in Mainland China and Hong Kong, TSL launched a new campaign featuring "Trend-setting Craftsmanship 「非凡工藝潮流演繹」" as the theme to reposition and differentiate itself right before the beginning of the Year. A series of brand and publicity initiatives were rolled out to strengthen this unique positioning. The most inspiring project was the first-of-its-kind cross-over program between TSL's signature Estrella diamonds and the world-renowned micro-sculptor, Mr. Willard Wigan. Mr. Wigan created "Starry Lovers", a micro-sculpture mounted on top of a one-carat Estrella diamond. This amazing piece of art has generated huge interest from the market and the jewellery industry, and translated into unprecedented publicity value. Furthermore, TSL pioneered the jewellery retail industry in promoting mix-and-match everyday wear jewellery and trendy fashion by the way of a "Fall/Winter Collection Launch" platform. The Group also stepped up sponsorship to certain fashion icons and celebrities during the Year to promote the trendy image of our jewellery.

During the Year, it was my great pleasure to welcome Mr. Tse Sui Luen and Mr. Tommy Tse back to the Group. Besides being the Founder of the Company, Mr. Tse Sui Luen is a highly regarded jewellery master in the industry, who possesses a wealth of knowledge in production skills and technical know-how that has further reinforced the leading-edge craftsmanship of our products. Mr. Tommy Tse, a devoted jewellery art director, was appointed the Chief Merchandising Officer of the Group. He has a strong passion and unique vision for jewellery designs and manufacturing. Both Mr. Tse Sui Luen and Mr. Tommy Tse have been tremendously supporting the rest of the corporate management team in wholeheartedly fulfilling TSL's commitment of delivering trend-setting craftsmanship to our customers.

Looking ahead, the Group holds a cautiously optimistic view towards the coming year. With the on-going concern of the sovereign debt crisis in Europe and the slowing down of economic growth in China, the consumption sentiment in both Hong Kong and China has been affected since the last quarter of 2011. However, we remain positive towards the luxury retail market in China in the mid to long term. Moreover, the recent introduction of a strategic investor, CDH Investments, to the Group is certainly an encouraging move. With a strengthened capital base, we will continue to invest in human resources, refine product assortments and build an innovative marketing platform for steady and robust business developments of the Group in years to come.

Last but not least, I would like to express my sincere appreciation to all of our staff members for their diligence, dedication and commitment to supporting the revitalization of the TSL brand. TSL will soon evolve into an even more dynamic and forward-looking jewellery brand with a long history of heritage.

Yau On Yee, Annie
Chairman
Hong Kong, 30 May 2012

Management's Discussion and Analysis

Results of the Group

For the financial year ended 29 February 2012, the consolidated turnover grew by 33.4% to HK$3,359 million from HK$2,518 million last year. Profit attributable to owners of the Company for the year was HK$162.3 million, representing a slightly decline of 7.8% over that of last financial year, due to the inclusion of a write-back of HK$46.6 million overprovision for the settled tax dispute last year. Had such provision write-back in last year been excluded, the profit attributable to owners of the Company should have increased by 25.3% from the last year's of HK$129.5 million. Earnings per share for the year were 77.2 HK cents.

Subject to shareholders' approval at the forthcoming annual general meeting, the Board has proposed a final dividend of 12.5 HK cents per ordinary share of the Company for the year ended 29 February 2012 (2011: 12 HK cents) to the shareholders whose names appear on the Register of Members of the Company on Tuesday, 31 July 2012. Together with the paid interim dividend of 2.7 HK cents per ordinary share, the total dividend per ordinary share of the Company for the year ended 29 February 2012 will be 15.2 HK cents (2011: 14.7 HK cents).

Benefited from the strong demands from the Mainland China tourists on the jewellery retail market in Hong Kong and Macau, sales attributable to Hong Kong and Macau increased by 49.1% from last year. During the year, we opened two new stores, one in Sino Centre in Mong Kok and another one in Park Lane Shopper's Boulevard in Tsimshatsui. They, which coupled with the new stores opened in the prior year, are all well complement to our existing store portfolio in order to better serve both the local customers and Mainland China tourists, which resulted in an increase in the profit during the period under review.

Our service culture is well recognized by the industry and in the region. We are honoured to be awarded "Customer Service Excellence Award of FAPRA AWARDS 2011" by The Federation of Asia-pacific Retailers Associations (FAPRA). We will continue to strive for excellent customer service, aiming to provide our customers a pleasant and memorable TSL shopping experience.

The sales turnover in Mainland China grew by 14.4% from that of last year. The keen competition on the human resources resulted in not only a higher staff turnover but also an increased pressure on cost and profitability. Nevertheless, the Group has completed in restructuring and strengthening the middle to top management team in China, which will enable the business to fully exploit the growth potential of this high-flying market. Furthermore, the Group continued to refine its store network according to its key-city-focus strategies, and opened 26 shops during the period under review, including a street store in Nanjing Xi Lu, the premier shopping area of Shanghai, in adjacent to other international luxury brands. Together with the continuing product assortment enhancements that we have started since the previous financial year, and the increasingly sound marketing effort, it was indeed another year of re-investment for the betterment of the business in the future.

The export business remained weak during the financial year while the business in Malaysia is progressing steadily.

The sovereign debt crisis in Europe and the slow down of the economic growth of Mainland China have caused uncertainties in the economic outlook and affected the consumption atmosphere since the end of 2011. On the other hand, the growing affluence of consumers in Mainland China still provide an enormous opportunity for luxury market in the medium and longer run. Under such circumstances, it is important to improve the efficiency and productivity to stay ahead of the competition. The Group will keep investing cautiously in the inventory, store network and the brand to capitalize our premier brand positioning and the market growth potentials in the regions it operates.

Finance, Liquidity, Capital Structure and Gearing

Capital expenditure, comprising mainly store renovation and expansion, furniture and fixtures and machineries, incurred during the year amounted to approximately HK$67.1 million (2011: HK$47.8 million), which was mainly financed by bank borrowings and fund generated from internal resources.

As at 29 February 2012, the Group's interest bearing liabilities increased to HK$440 million from HK$215.6 million as at 28 February 2011. The increase was partly due to the balance of consideration of HK$120 million for the acquisition of the minority stake in the Mainland China business at the end of the year and partly due to the increase in inventory to accommodate for the business growth. The gearing ratio (ratio of total interest bearing liability to total equity) has increased to 46.9% from 23.1% and is at a healthy level. All borrowings of the Group are denominated in Hong Kong dollars, while interest is calculated on the inter-bank interest rate or prime rate.

As at 29 February 2012, the Group had cash and bank balances and undrawn banking facilities of approximately HK$127 million, which in the opinion of the Directors, should be sufficient for the present working capital requirements.

Subsequent to the end of the reporting period, the completion of the issue of the Convertible Bonds to CDH King Limited (a member of CDH Investments) on 20 April 2012 represented an opportunity to broaden the capital base of the Company and to raise capital for the development of the core jewellery business. The investment by an established institutional investor in the unsecured subordinated Convertible Bonds of the Company reflects the confidence of the investor in the Company. The Company can also benefit from the extensive business networks of the subscriber. The net proceeds of the issue of HK$247 million is to be used by the Company for general corporate development and general working capital requirements.

Exchange Rates

During the year, the transactions of the Group were mainly denominated in local currencies and US dollars. The impact of the fluctuation of foreign exchange rates of these currencies to the Group is minimal.

Charges on Group Assets

As at 29 February 2012, debentures have been executed by the Group in favour of its banker charging, by way of fixed and floating charges, all of the undertakings, properties and assets of the Company and of its 11 subsidiaries as security for, *inter alia*, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the banker. Rental revenue of the Group is also charged in favour of the Group's banker.

As at 29 February 2012, the Company and its 6 subsidiaries (the "Subsidiaries") have executed a second floating charge and the Company made a guarantee to the Subsidiaries and there was a cross guarantee among the Subsidiaries in favour of Rosy Blue Hong Kong Limited to pledge all of the Subsidiaries' respective rights to and title and interest from time to time in their inventories or stock-in-trade and their receivables from their overseas fellow subsidiaries in connection with the sales and supply of any inventory or stock-in-trade to such overseas fellow subsidiaries as a continuing security for the Debts. As at 29 February 2012, the Debts amounted to HK$170,692,000 (2011: HK$136,833,000).

Contingent Liabilities

The Group did not have any material contingent liabilities as at 29 February 2012.

Human Resources

As at 29 February 2012, the total number of employees of the Group was approximately 3,800 (2011: 3,500), the increase being mainly in sales and marketing to support the growth of the business.

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. The Group also has an employee share option scheme. No options were granted pursuant to the scheme during the year.

Retail front line staff is provided with formal class-room and on-the-job training by internal seniors and external professional trainers. In-house seminars and experience sharing sessions are also organized to strengthen staff's skills.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 29 February 2012.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 29 February 2012 have been agreed by the Group's auditor, RSM Nelson Wheeler, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by RSM Nelson Wheeler 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 RSM Nelson Wheeler on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2012 AGM will be held at Second Floor, Block B, Summit Building, 30 Man Yue Street, Hunghom, Kowloon, Hong Kong on Monday, 23 July 2012. A notice of the 2012 AGM will be published and despatched to shareholders in due course.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices of the Listing Rules

The Company is committed to the establishment of good governance practices and procedures. During the year ended 29 February 2012, save for code provision A.2.1 as disclosed below, the Company has applied the principles and complied with all of the code provisions and some recommended best practices of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 ended 29 February 2012, the roles of the Chairman and the Chief Executive Officer of the Company were performed by Ms. Yau On Yee, Annie. The Board of Directors 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.

Audit Committee

The Audit Committee comprises of three Independent Non-executive Directors of the Company, namely, Mr. Chui Chi Yun, Robert, Mr. Heng Ching Kuen, Franklin and Mr. Chan Yue Kwong, Michael. Its terms of reference are in compliance with the provisions set out in the CG Code.

The Audit Committee has reviewed the Company's consolidated financial statements and annual report for the year ended 29 February 2012, including the accounting principles and practices adopted by the Group, and discussed with management regarding auditing, internal control and financial reporting matters.

Model Code for Securities Transactions By Directors

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 Directors' securities transactions. Specific enquiry has been made with all Directors and the Directors have confirmed compliance with the required standard set out in the Model Code during the year ended 29 February 2012.

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 ended 29 February 2012.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2011/2012 ANNUAL REPORT

The annual results announcement will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the websites of the Company at www.tslj.com. The 2011/2012 Annual Report will be despatched to the shareholders and published on the above websites.

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

Hong Kong, 30 May 2012

At the date of this announcement, the Board comprises:

Executive Directors:
Ms. YAU On Yee, Annie
Mr. Erwin Steve HUANG
Mr. LAI Tsz Mo, Lawrence

Independent Non-executive Directors:
Mr. CHUI Chi Yun, Robert
Mr. HENG Ching Kuen, Franklin
Mr. CHAN Yue Kwong, Michael