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 2013/2014

FINANCIAL HIGHLIGHTS

	2014	2013	
	HK$'000	HK$'000 (Restated)	Change
Turnover	**4,057,271**	3,562,819	+13.9%
Profit from operations	**152,396**	138,785	+9.8%
Profit attributable to owners of the Company	**74,529**	68,137	+9.4%
Basic earnings per share	**35.4 cents**	32.4 cents	+9.4%
Proposed final dividend	**7 cents**	7 cents	-%
Total dividends for the year	**9.2 cents**	8 cents	+15%
Total equity attributable to owners of the Company	**1,070,670**	988,794	+8.3%
Equity attributable to per ordinary share of the Company	**HK$5.09**	HK$4.70	+8.3%

BUSINESS HIGHLIGHTS

- Consolidated turnover was HK$4,057 million and net profit was HK$74.5 million, an increase of 13.9% and 9.4% respectively from last year.
- The Group benefited from the buying spree of 24 karat gold and the enhanced brand image brought about by our brand building program which compensated the decline in the performance of the Group's Travel Trade business following the implementation of the new Tourism Law of Mainland China.
- The Group has made a strategic move in its network expansion plan by opening three franchised stores in Mainland China towards the end of the Year and a more rapid sales network growth is expected in coming financial years.
- The Group has established the TSL|謝瑞麟 Foundation to preserve the heritage and foster the development of jewellery industry. The debut project was a collaboration with the School of Modern Languages and Cultures of The University of Hong Kong ("HKU"), in co-organizing the "Creative Management in Luxury Industry" programme for undergraduate students of HKU.

* *For identification purpose only*

Tse Sui Luen Jewellery (International) Limited
30 May 2014

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 28 February 2014 was HK$74,529,000 (2013 restated: HK$68,137,000). The basic earnings per share was 35.4 HK cents (2013 restated: 32.4 HK cents). The consolidated results of the Company and its subsidiaries (the "Group") for the year ended 28 February 2014 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 28 FEBRUARY 2014

	Notes	**2014** HK$'000	2013 HK$'000 (Restated)
Turnover	4	**4,057,271**	3,562,819
Cost of sales		**(2,283,097)**	(1,894,715)
Gross profit		**1,774,174**	1,668,104
Other income and gains	6	**9,972**	7,575
Selling and distribution expenses		**(1,457,519)**	(1,393,226)
Administrative expenses		**(174,231)**	(143,668)
PROFIT FROM OPERATIONS		**152,396**	138,785
Finance costs	7	**(51,047)**	(43,833)
PROFIT BEFORE TAX	8	**101,349**	94,952
Income tax expense	9	**(27,023)**	(26,964)
PROFIT FOR THE YEAR		**74,326**	67,988
Attributable to :			
Owners of the Company		**74,529**	68,137
Non-controlling interests		**(203)**	(149)
		74,326	67,988
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	11	**35.4 cents**	32.4 cents

Details of the dividends proposed for the year are disclosed in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2014

	2014 HK$'000	2013 HK$'000 (Restated)
PROFIT FOR THE YEAR	**74,326**	67,988
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent years:		
Remeasurement (loss)/gain on defined benefit plan	**(2,283)**	4,906
Income tax effect	**377**	(809)
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent years	**(1,906)**	4,097
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent years:		
Exchange differences on translation of foreign operations	**19,353**	(1,918)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**17,447**	2,179
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**91,773**	70,167
Attributable to:		
Owners of the Company	**91,972**	70,342
Non-controlling interests	**(199)**	(175)
	91,773	70,167

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2014

	Notes	**2014**	2013
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**137,927**	131,233
Intangible assets		**99**	99
Other asset		**500**	500
Deposits and prepayments		**46,238**	29,551
Deferred tax assets		**34,908**	26,874
Total non-current assets		**219,672**	188,257
CURRENT ASSETS			
Inventories		**1,903,509**	1,584,764
Trade receivables	12	**180,425**	175,710
Prepayments, deposits and other receivables		**97,737**	57,779
Tax recoverable		**6,447**	8,375
Pledged time deposits		**1,595**	-
Cash and cash equivalents		**140,738**	205,848
Total current assets		**2,330,451**	2,032,476
CURRENT LIABILITIES			
Trade payables	13	**(355,088)**	(310,281)
Other payables and accruals		**(203,348)**	(245,404)
Interest-bearing bank and other borrowings		**(564,231)**	(355,662)
Convertible bonds	14	**(12,500)**	(12,842)
Finance lease payables		**(1,782)**	(5,692)
Tax payable		**(15,485)**	(5,377)
Total current liabilities		**(1,152,434)**	(935,258)
NET CURRENT ASSETS		**1,178,017**	1,097,218
TOTAL ASSETS LESS CURRENT LIABILITES		**1,397,689**	1,285,475

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITES		**1,397,689**	1,285,475
NON-CURRENT LIABILITIES			
Other payables and accruals		**(5,207)**	-
Convertible bonds	14	**(278,389)**	(254,831)
Finance lease payables		**(586)**	(2,338)
Employee benefit obligations		**(17,087)**	(15,186)
Deferred tax liabilities		**(26,050)**	(24,427)
Total non-current liabilities		**(327,319)**	(296,782)
NET ASSETS		**1,070,370**	988,693
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**(52,584)**	(52,584)
Reserves		**(1,018,086)**	(936,210)
		(1,070,670)	(988,794)
Non-controlling interests		**300**	101
TOTAL EQUITY		**(1,070,370)**	(988,693)

Notes:

1. 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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. 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.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC) - Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	*Amendments to a number of HKFRSs* issued in June 2012

2. Changes in accounting policies and disclosures (continued)

Other than as further explained below regarding the impact of HKFRS 13, HKAS 19 (2011), and amendments to HKAS 1 and certain amendments included in Annual Improvements 2009 - 2011 Cycle, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(b) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(c) HKAS 19 (2011) changes the accounting for defined benefit plans. The revised standard removes the choice to defer the recognition of actuarial gains and losses. All actuarial gains and losses are required to be recognised immediately in OCI. The interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a net interest amount under HKAS 19 (2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. Prior to the adoption of HKAS 19 (2011), the Group recognised all actuarial gains and losses in the statement of profit or loss. Upon the adoption of HKAS 19 (2011), all actuarial gains and losses are recognised in OCI immediately. As a result, the actuarial gains and losses recognised in the statement of profit or loss for the year ended 28 February 2013 was adjusted to OCI.

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

Other than the changes to the accounting for defined benefit plans, HKAS 19 (2011) also changes the timing of recognition for termination benefits and the classification of short term employee benefits. The revised standard requires termination benefits outside of a wider restructuring to be recognised only when the offer becomes legally binding and cannot be withdrawn. Under the revised standard, the distinction between short term and other long term employee benefits is now based on the expected timing of settlement rather than employee entitlement. As the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period or had no events giving rise to termination benefits, the changes to the accounting for these benefits have had no effect on the financial position or performance of the Group.

The effects of the changes to the accounting for the Group's defined benefit plan are summarised below:

Impact on the consolidated statement of profit or loss for the year ended 28 February:

	2014	2013
	HK$'000	HK$'000
Decrease/(increase) in selling and distribution expenses	**1,595**	(3,428)
Decrease/(increase) in administrative expenses	**688**	(1,478)
Increase/(decrease) in profit before tax	**2,283**	(4,906)
(Increase)/decrease in income tax expense	**(377)**	809
Increase/(decrease) in profit for the year	**1,906**	(4,097)
Attributable to:		
Owners of the Company	**1,906**	(4,097)
Non-controlling interests	-	-
	1,906	(4,097)
Increase/(decrease) in earnings per share attributable to owners of the Company		
- Basic and diluted	**0.9 cents**	(1.9) cents

2. Changes in accounting policies and disclosures (continued)

Impact on the consolidated statement of comprehensive income for the year ended 28 February:

	2014 **HK$'000**	2013 HK$'000
Increase/(decrease) in profit for the year	**1,906**	(4,097)
Recognition of remeasurement (loss)/gain on defined benefit plan	**(2,283)**	4,906
Decrease/(increase) in income tax effect	**377**	(809)
(Decrease)/increase in other comprehensive income for the year, net of tax	**(1,906)**	4,097
Change in total comprehensive income for the year	-	-
Attributable to:		
Owners of the Company	-	-
Non-controlling interests	-	-
	-	-

3. Significant accounting estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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 described below.

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.

3. Significant accounting estimates (continued)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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 estimate and the level of future taxable profits. The carrying value of deferred tax assets relating to recognised tax losses at 28 February 2014 was HK$12,184,000 (2013: HK$5,826,000). The amount of unrecognised tax losses at 28 February 2014 was HK$8,391,000 (2013: HK$12,140,000).

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.

Impairment of trade receivables

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.

3. Significant accounting estimates (continued)

Customer loyalty programmes
The Group measures the cost of the loyalty award credits by reference to the fair value of goods and gifts redeemed in the prior years and the probability of redemption is estimated by the directors based on past experience. Actual results may differ from the estimation.

Income taxes
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Share-based payment expenses
The fair value of the share options granted to certain directors, employees and service providers determined at the date of grant of the respective share options is expensed over the vesting period, with a corresponding adjustment to the Group's share-based payment reserve. In assessing the fair value of the share options, the Binomial valuation model (the "Binomial Model") was used. The Binomial Model is one of the generally accepted methodologies used to calculate the fair value of the share options. The Binomial Model requires the input of subjective assumptions, including the expected dividend yield and expected life of options. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

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. Operating segment information

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

(a) The People's Republic of China (the "PRC") (including Hong Kong and Macau); and

(b) other Asia countries.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources 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 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, convertible bonds, 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 28 February 2014	PRC (including Hong Kong and Macau) HK$'000	Other Asia countries HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	**4,013,273**	**43,998**	**4,057,271**
Intersegment sales	**34,754**	**-**	**34,754**
Other revenue	**10,329**	**(357)**	**9,972**
	4,058,356	**43,641**	**4,101,997**
Reconciliation:			
Elimination of intersegment sales			**(34,754)**
			4,067,243
Segment results	**159,465**	**(7,069)**	**152,396**
Reconciliation:			
Finance costs			**(51,047)**
Income tax expense			**(27,023)**
Profit for the year			**74,326**
Segment assets:	**2,517,687**	**66,100**	**2,583,787**
Reconciliation:			
Elimination of intersegment receivables			**(75,019)**
Deferred tax assets			**34,908**
Tax recoverable			**6,447**
Total assets			**2,550,123**
Segment liabilities:	**(553,570)**	**(85,092)**	**(638,662)**
Reconciliation:			
Elimination of intersegment payables			**75,019**
Interest-bearing bank and other borrowings			**(564,231)**
Convertible bonds			**(290,889)**
Tax payable			**(15,485)**
Deferred tax liabilities			**(26,050)**
Finance lease payables			**(2,368)**
Employee benefit obligations			**(17,087)**
Total liabilities			**(1,479,753)**
Other segment information:			
Depreciation	**46,577**	**1,815**	**48,392**
Capital expenditure*	**53,669**	**2,459**	**56,128**

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

5. Operating segment information (continued)

Year ended 28 February 2013	PRC (including Hong Kong and Macau) HK$'000	Other Asia countries HK$'000	Total HK$'000 (Restated)
Segment revenue:			
Sales to external customers	3,529,095	33,724	3,562,819
Intersegment sales	36,106	-	36,106
Other revenue	7,564	11	7,575
	3,572,765	33,735	3,606,500
Reconciliation:			
Elimination of intersegment sales			(36,106)
			3,570,394
Segment results	146,131	(7,346)	138,785
Reconciliation:			
Finance costs			(43,833)
Income tax expense			(26,964)
Profit for the year			67,988
Segment assets:	2,201,170	47,834	2,249,004
Reconciliation:			
Elimination of intersegment receivables			(63,520)
Deferred tax assets			26,874
Tax recoverable			8,375
Total assets			2,220,733
Segment liabilities:	(552,361)	(66,844)	(619,205)
Reconciliation:			
Elimination of intersegment payables			63,520
Interest-bearing bank and other borrowings			(355,662)
Convertible bonds			(267,673)
Tax payable			(5,377)
Deferred tax liabilities			(24,427)
Finance lease payables			(8,030)
Employee benefit obligations			(15,186)
Total liabilities			(1,232,040)
Other segment information:			
Depreciation	53,412	1,643	55,055
Capital expenditure*	47,447	1,785	49,232

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

5. Operating segment information (continued)

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 years.

6. Other income and gains

	2014 HK$'000	2013 HK$'000
Interest income	**298**	458
Net foreign exchange gains	**3,170**	251
Government grant	**1,025**	2,098
Management income from franchisee	**1,044**	-
Others	**4,435**	4,768
	9,972	7,575

7. Finance costs

An analysis of finance costs is as follows:

	2014 HK$'000	2013 HK$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**14,758**	14,538
Interest on convertible bonds	**36,058**	28,846
Interest on finance leases	**231**	449
	51,047	43,833

8. Profit before tax

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

	2014 **HK$'000**	2013 HK$'000 (Restated)
Cost of goods sold*	**2,279,218**	1,891,699
Write-down of inventories to net realisable value	**3,879**	3,016
Depreciation	**48,392**	55,055
Minimum lease payments in respect of operating leases for land and buildings**	**204,717**	174,270
Auditors' remuneration	**2,803**	2,610
Employee benefit expense (including directors' remuneration):		
Wages, salaries and other benefits	**555,082**	477,266
Equity-settled share option expense	**8,673**	-
Pension scheme contributions	**9,170**	8,204
Employee benefit obligations	**416**	488
	573,341	485,958
Equity-settled share option expense to service providers	**582**	-
Impairment of trade receivables	**-**	480
Loss on disposal of items of property, plant and equipment	**73**	489
Net foreign exchange gains	**(3,170)**	(251)

* Cost of goods sold includes HK$92,272,000 (2013: HK$83,585,000) relating to employee benefit expense, depreciation, and operating lease payments, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

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

9. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable other than Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2014	2013
	HK$'000	HK$'000
		(Restated)
Current – Hong Kong		
Charge for the year	**626**	4,139
(Overprovision)/underprovision in prior years	**(611)**	542
Current – other than Hong Kong		
Charge for the year	**33,085**	28,372
Underprovision in prior years	**45**	338
Deferred	**(6,122)**	(6,427)
	27,023	26,964

10. Dividends

	2014	2013
	HK$'000	HK$'000
Interim dividend of HK$0.022 (2013: HK$0.01) per ordinary share paid	**4,627**	2,103
Proposed final dividend of HK$0.07 (2013: HK$0.07) per ordinary share	**14,724**	14,724
	19,351	16,827

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.

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$74,529,000 (2013 restated: HK$68,137,000), and the weighted average number of ordinary shares of 210,336,221 (2013: 210,336,221) in issue during the year.

No adjustment has been made to basic earnings per shares amounts presented for the years ended 28 February 2014 and 2013 in respect of a dilution as the impact of the share options and convertible bonds outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

12. Trade receivables

	2014	2013
	HK$'000	HK$'000
Trade receivables	**180,425**	176,190
Impairment	**-**	(480)
	180,425	175,710

The Group's retail sales are normally made on 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 to 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.

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

	2014	2013
	HK$'000	HK$'000
Within 1 month	**159,234**	149,953
1 to 2 months	**14,152**	15,730
2 to 3 months	**1,230**	2,371
Over 3 months	**5,809**	7,656
Total trade receivables	**180,425**	175,710

The movements in provision for impairment of trade receivables are as follows:

	2014	2013
	HK$'000	HK$'000
At 1 March	**480**	323
Impairment losses recognised	**-**	480
Amount written off as uncollectible	**(480)**	(323)
	-	480

Included in the above provision for impairment of trade receivables as at 28 February 2013 was a provision for individually impaired trade receivables of HK$480,000 with a carrying amount before provision of HK$480,000. The individually impaired trade receivables related to customers that were in default in principal payments and the receivables were not expected to be recovered.

12. Trade receivables (continued)

The aged analysis of the trade receivables net of provisions at the end of the reporting period, is as follows:

	2014 HK$'000	2013 HK$'000
Neither past due nor impaired	**171,315**	174,787
Less than 6 months past due	**9,060**	873
Over 6 months past due	**50**	50
	180,425	175,710

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

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 of the Company 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.

13. Trade payables

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

	2014 HK$'000	2013 HK$'000
Within 1 month	**98,315**	72,847
1 to 2 months	**49,114**	35,269
2 to 3 months	**47,106**	39,789
Over 3 months	**160,553**	162,376
Total trade payables	**355,088**	310,281

The trade payables are non-interest-bearing.

14. Convertible bonds

On 20 April 2012, the Company issued to CDH King Limited ("CDH") five-year term convertible bonds with a principal amount of HK$250,000,000 under which CDH has the right to convert the bonds into ordinary shares of the Company (the "Shares") at an initial conversion price at HK$6.40 per Share (the "Convertible Bonds") at any time during the conversion period, subject to anti-dilutive adjustments. The Convertible Bonds are unsecured and subordinated to all present and future non-equity-linked indebtednesses of the Company. Any equity-linked debt securities issued or to be issued are subordinated to the Convertible Bonds unless the prior approval of CDH is obtained. The net proceeds are intended to be used by the Company for general corporate development and general working capital requirements.

The Convertible Bonds bear interest at the rate of 5% per annum which are due every year, and mature on the date falling on the fifth anniversary of the issue date.

The Company shall redeem the outstanding principal of the Convertible Bonds at the redemption amount representing an internal rate of return of 12% per annum on the fifth anniversary of the issue date of the Convertible Bonds.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

As at 28 February 2014, a total of 39,062,500 ordinary shares (2013: 39,062,500 ordinary shares) would have been allotted and issued if all the Convertible Bonds were converted in full. There was no conversion during the year (2013: Nil).

15. Comparative amounts

As further explained in note 2, due to the adoption of revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

FINAL DIVIDEND

A final dividend of 7 HK cents per ordinary share, amounting to a total final dividend of approximately HK$14,724,000 (2013: HK$14,724,000) for the year ended 28 February 2014 to be proposed for shareholders' approval at the forthcoming annual general meeting of the Company to be held on Thursday, 24 July 2014 (the "2014 AGM"). This, together with the interim dividend of 2.2 HK cents per ordinary share paid on Wednesday, 27 November 2013, will amount to a total dividend of 9.2 HK cents (2013: 8 HK cents) per ordinary share for the year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 21 July 2014 to Thursday, 24 July 2014 (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 2014 AGM. In order to be entitled to attend and vote at the 2014 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Friday, 18 July 2014.

Upon the approval by shareholders at the 2014 AGM, the proposed final dividend will be paid on Thursday, 11 September 2014 to shareholders whose names appear on the Register of Members of the Company on Friday, 1 August 2014. The Register of Members of the Company will be closed from Wednesday, 30 July 2014 to Friday, 1 August 2014 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Tuesday, 29 July 2014.

REVIEW AND OUTLOOK

Letter to the Shareholders

It is with great pleasure that I report that the Group has continued to realize pleasing benefits from the ongoing investment that it has made into its sales network, the refinement of its product assortments, its brand revitalization and the strengthening of the capability of its management team over the last few years. Despite a significant decline being experienced in the performance of the Group's Travel Trade business following the implementation of the new Tourism Law of Mainland China on 1 October 2013, the Group was able to close the resulting sales gap due to its other business units outperforming last year. As a result, for the financial year under review (the "Year"), the Group achieved an increase in both consolidated sales turnover and net profit against those of the previous year.

In Hong Kong and Macau, the widening of the Group's product offering during the Year helped it to maximize its sales both during and after the "gold rush" period which occurred between April and June and which generated a substantial increase in customer traffic to our stores. Since then, the Group has placed an even stronger focus on its 24-karat gold business in Hong Kong and Macau which focus has helped it to further improve the customer traffic to its stores and to increase the sales opportunities resulting therefrom.

In the Mainland, in addition to also refining the product assortment during the Year, the Group undertook a critical review of its sales network there. As a result, the Group decided to (i) enlarge its sales network in Mainland China by a net increase of 11 stores, with focus on rejuvenating the business in Beijing, and (ii) open new franchised stores as a means to expedite the expansion of its sales network throughout the Mainland. This new franchise operation was started with a pilot run of three franchised stores which were opened in the second half of the Year in Hefei, Quanzhou and Zhongshan. These stores have been well received by both the franchisees and customers alike. A more rapid expansion of its sales network through the use of franchising is expected over the coming financial years.

Riding on the initial success of the brand revitalization campaign "The Persistence of Love" conducted in 2012, the Group continued its investment in brand building via two strategic bursts in 2013. The summer campaign created a new promotion window during the traditional off season and served as a platform for launching the enhanced version of the hero product presented in the TV commercial. In order to reinforce TSL's brand positioning of "Trend-setting Craftsmanship 「非凡工藝 潮流演繹」", the Group partnered with TVB to introduce a customized TV program that featured the exquisite craftsmanship of selected French and Italian artisans at the end of November 2013. Accompanied with the re-run of "The Persistence of Love" TV commercial, the awareness of the TSL brand has been significantly boosted to an all-time high of over 80%. This campaign effectively uplifted customer perception on TSL's passion for excellence. Research findings showed that the overall liking and brand consideration of the Group have been much improved following the campaign.

As a company deeply rooted in Hong Kong, the Group is committed to contributing to the sustainable development and enrichment of the local jewellery industry. To serve this purpose, the Group has established the TSL|謝瑞麟 Foundation to preserve and promote the industry's cultural heritage through nurturing local talent and promoting innovative jewellery design and excellent craftsmanship amongst the younger generation. The TSL|謝瑞麟 Foundation's debut project was a collaboration with the School of Modern Languages and Cultures of The University of Hong Kong ("HKU"), in co-organizing the "Creative Management in Luxury Industry" programme for undergraduate students of HKU. I would like to take this opportunity to thank all the distinguished guest speakers (who are creative icons and business leaders from various industries) as well as the Group's senior management team for their valuable support and contributions to this programme. Ultimately, the programme received an overwhelming response and encouraging feedback from participants.

At the corporate level, the organization structure of the Group kept evolving throughout the Year, which further enabled the implementation of the Group's mid- to long-term corporate development strategies and the realization of a more effective and efficient business management structure and culture. Rather than consolidating the business ownership of all our geographical regions under one senior executive, businesses of different natures and/or regions are now led by separate full-fledged business owners to enable more independent management, focus, autonomy and specialization. In addition, in order to expand the scope of the Group's businesses beyond its current traditional base, the development of new sales channels has become a major focus of the Group and this shall be expedited following the appointment of a *Director – Travel Trade and Channel Development* in June 2014. Last but not least, a new business unit focusing on the business development of CORE JEWELS worldwide has been set up and will be spearheaded by the *Director – Group Marketing and International Business*. Due to the strong commitment and determination of all senior executives to take TSL to the next level, I am confident that the various business initiatives supported by the new organization and management structures shall bring a great deal of excitement and ongoing benefits to the TSL Group and its stakeholders in the years to come.

Looking ahead, notwithstanding that the current operating environment remains challenging for the Group, I believe that the mid- to long-term investments being made will pay off. The sales network expansion through franchising in Mainland China will enable the Group to grow more rapidly and to increase its brand exposure there, while the development of new sales channels will expand the Group's overall market presence, penetration and reach. For example, our new e-commerce platform, to be initially hosted at T-Mall, will be launched in June 2014. Nevertheless, due to continuing global economic uncertainties, the slowdown of economic growth and the change in business environment brought about by the new Tourism Law of Mainland China, we shall continue to take a cautious approach and mitigate our risks as and when required.

On a final note, I would like to express my sincere gratitude and appreciation to all shareholders, board members, our conscientious staff members, loyal customers, business partners and other stakeholders for their continuing support and commitment to the Group. TSL is a company committed to its vision, mission and core values. As a visionary and passionate leader, I am determined to bring TSL to new heights.

Yau On Yee, Annie
Chairman
Hong Kong, 30 May 2014

<u>Management's Discussion and Analysis</u>

Results of the Group

For the financial year ended 28 February 2014 (the "Year"), the consolidated turnover of the Group grew by 13.9% to HK$4,057 million from HK$3,563 million last year. The overall gross margin of the Group decreased from 46.8% to 43.7% during the Year mainly due to a major change in the sales mix of the Group towards higher volume but lower margin 24-karat gold products. Notwithstanding this, the Group was able to achieve a slight improvement in its gross margin across each of its major categories of merchandise via a more cautious approach to margin management. The conscious decision by the Group to increase its investment in human resources to improve the Group's capability for business improvement and development since last year and the notional non-cash expense of HK$9.3 million for share options granted during the Year resulted in a rise in the Groups overheads. As a result, profit attributable to owners of the Company was HK$74.5 million for the Year, representing a slight increase of 9.4% over last year. Earnings per share for the year was 35.4 HK cents.

Sales in Hong Kong and Macau in the first half of the Year substantially benefited from the buying spree for 24-karat gold (the "Gold Rush") that followed the sudden drop in the gold price in April 2013. The Gold Rush continued through to June following which the consumer sentiment towards gold products subdued. On the other hand, the Group's Travel Trade business for tourists was inevitably affected by the new Tourism Law of Mainland China in October 2013 as the industry needed time to understand and comply with the new law. As a matter of fact, the business has been picking up gradually in the months following the implementation of the new law . Thanks to the Gold Rush, the Groups improved product offerings, including 24-karat gold, and the enhanced brand image brought about by our brand building program, the sales in Hong Kong and Macau grew by 16% during the Year.

To strengthen our sales network in order to leverage off the enhanced brand image created by our brand revitalization campaigns in 2012 and 2013, the Group increased its total number of outlets in Hong Kong and Macau to 28 by opening three new stores in Hong Kong and one in Macau during the Year. Its new stores in Hong Kong were opened at Tseung Kwan O, China Hong Kong City in Tsim Sha Tsui and V City in Tuen Mun, and our flagship store at Parklane in Tsim Sha Tsui was expanded during the year. We will continue to review and adjust our store portfolio in the years to come.

In Mainland China, mainly owing to the much smaller scale of our 24 karat gold business there and a decline in the gifting market, this business only grew by 7% during the Year accounting for 34% of the Group's turnover. While the sales volume achieved double-digit growth, the demand for higher-price point items was weakened and there was a 9% decline in the average price of products sold. More focus has been given to the development of products for the end-user market. There has been a net increase of 11 self-operated outlets and the total number of self-operated outlets increased to 191.

The Group has made a strategic move in its network expansion plan by opening three franchised stores in Mainland China towards the end of the Year. To maintain the high quality service and standards of the Group, although such franchised stores are owned by the franchisees and the Group can benefit from the local knowledge and business network of the franchisees, the store operation will continue to be under the management of the Group. The Group will continue to look for local business partners who believe in the synergies of such cooperation and a more rapid sales network growth is expected in coming financial years.

Other new initiatives such as e-business and development of the international business of CORE JEWELS will be launched in 2014/15 to further strengthen our brand positioning of "Trend-setting Craftsmanship".

The recent reduction in Mainland tourists' spending in Hong Kong and the high base of the first half of the Year due, in part, to the Gold Rush, will make this year challenging. On the other hand, we expect that the negative effects of the new Tourism Law of Mainland China and the decline in gifting market to continue to gradually level off and ultimately return back to normal levels over time. The demand for self-consumption by the growing middle class in Mainland China will also continue to provide a solid base for market growth there. The Group is committed to investing in and enhancing its brand, inventory, store network and human resources which will deliver ongoing benefits to our customers and shareholders.

Finance, Liquidity, Capital Structure and Gearing

Capital expenditure incurred during the Year, comprising of mainly store renovation and expansion, furniture and fixtures and machineries, amounted to approximately HK$56 million (2013: HK$49 million). This was mainly financed by borrowings and funds generated from internal operations.

As at 28 February 2014, the Group's interest-bearing liabilities increased to HK$857 million from HK$631 million as at 28 February 2013.

Together with the funds raised from the issue of the convertible bonds by the Group in April 2012 and funds generated from operations, this increase in borrowings has been applied to finance the addition and enhancement of the Group's inventory, the opening of new stores and other capital expenditure.

The net gearing ratio (ratio of total interest-bearing liability less cash to total equity) increased to 67% at 28 February 2014 from 43% in previous year and is at a healthy level. All borrowings of the Group are denominated in Hong Kong dollars or Renminbi. Interest on bank borrowings are calculated on either the inter-bank interest rate or the prime rate while the interest on convertible bonds is fixed.

As at 28 February 2014, the Group had cash and bank balances and undrawn banking facilities of approximately HK$141 million and HK$24 million respectively which, in the opinion of the directors, should be sufficient for 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 the fluctuation of foreign exchange rates of these currencies to the Group is minimal.

Charge on Group Assets

a. As at 28 February 2013, debentures had 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.

   Such borrowings were fully refinanced by new secured bank loans as described in (b) below on 6 November, 2013 and all these debentures were fully released on the same date.

b. On 6 November 2013, certain fixed properties in Hong Kong were mortgaged to its banker 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 the banker.

c. On 19 December 2013, certain other fixed properties in Hong Kong were mortgaged to another banker 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 banker.

d. As at 28 February 2013, the Company and certain of its subsidiaries (the "Subsidiaries") had 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 ("Rosy Blue HK") 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 trade payables.

   This second floating charge was released by Rosy Blue HK on 18 February 2014 in accordance with the terms of the charge upon the request of the Group.

e. As at 28 February, 2014, time deposits equivalent to HK$1.6 million (2013: Nil) have been pledged to secure a short-term bank loan to a subsidiary in Mainland China. The pledged time deposits will be released upon the settlement of the relevant bank borrowings.

Contingent Liability

The Group did not have any material contingent liabilities as at 28 February 2014.

Human Resources

As at 28 February 2014, the total number of employees of the Group was approximately 3,500 (2013: 3,340). The increase was mainly in sales operations and merchandising and sourcing departments to support the increase in retail outlets as well as the increase in quantity of merchandise.

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. There are discussions and in-house seminars for experience sharing.

The Group had an employee share option scheme which had been expired on 25 November 2013. During the Year, options were granted to provide incentive to certain directors, employees and service providers as disclosed in the announcement of the Company on 1 March 2013.

Corporate Social Responsibility

The Group has been making efforts to enhance its corporate social responsibilities over the years.

As a company deeply rooted in Hong Kong, the Group is committed to contributing to the sustainable development and enrichment of the local jewellery industry. To serve this purpose, during the Year, the Group has established the TSL|謝瑞麟 Foundation to preserve the heritage and foster the development of jewellery industry through nurturing local talents and promoting innovative jewellery design and excellent craftsmanship amongst the younger generation.

Caring and Respect, Integrity, Quality Services, Accountability and Long Term Thinking are the 5 core values established and shared within the Group. A task force comprising employees is set up to promote these values. We believe to sustain these values and culture will make TSL a better place to work for our employees.

Other CSR initiatives during the year included joining the charity run of UNICEF and assistance to social enterprises distributing souvenir cookies in our showrooms. The latter helps providing employment opportunity to the underprivileged.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 28 February 2014.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 28 February 2014 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2014 AGM will be held on Thursday, 24 July 2014. A notice of the 2014 AGM will be published and despatched to shareholders in due course.

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 ended 28 February 2014, the Company has applied the principles and complied with all of the code provisions and the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for the deviation of code provisions 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 ended 28 February 2014, 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.

Code provision A.5.6

Code provision A.5.6 of the CG Code stipulates that the nomination committee should have a policy concerning diversity of board members, and should disclose the policy in the corporate governance report with effect from 1 September 2013.

The Nomination Committee of the Company has discussed on the requirements of the amendment and how a board diversity policy should be adopted on 24 May 2013 and 28 February 2014 respectively.

Subsequent to the year end, on the recommendation of the Nomination Committee of the Company, the Board approved the revised terms of reference of the Nomination Committee to incorporate the elements of Board Diversity in a policy on 21 May 2014. Thus, the Board Diversity Policy was adopted in May 2014 and this policy is available on the website of the Company.

Code provision A.6.7

Code provision A.6.7 of the CG Code stipulates independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Chui Chi Yun, Robert, independent non-executive director of the Company, and Mr. Wang Guosheng, a non-executive director of the Company, were unable to attend the annual general meeting of the Company on 23 July 2013 due to his being absent from Hong Kong and other business commitments respectively.

Audit Committee

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

The Audit Committee of the Company has reviewed the Group's consolidated financial statements and annual report for the year ended 28 February 2014, 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 28 February 2014.

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 28 February 2014.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2013/2014 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 website of the Company at www.tslj.com. The 2013/2014 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 2014

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

Non-executive Director:
Mr. WANG Guosheng

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