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 2008/2009

RESULTS

The board of directors (the "Board") of Tse Sui Luen Jewellery (International) Limited (the "Company") announces that the consolidated profit attributable to equity holders of the Company for the year ended 28 February 2009 was HK$104,800,000 (2008: HK$99,240,000). The basic earnings per share was HK$0.50 (2008: HK$0.48).

CONSOLIDATED INCOME STATEMENT
(Expressed in Hong Kong dollars)

	Note	**Year ended 28.2.2009**	Year ended 29.2.2008
		HK$'000	*HK$'000*
Turnover	2	**1,959,396**	1,917,467
Cost of sales		**(918,260)**	(898,714)
Gross profit		**1,041,136**	1,018,753
Other income and gains	3	**37,028**	7,579
Selling expenses		**(806,558)**	(731,972)
Administrative expenses		**(107,080)**	(126,771)
Profit from operations		**164,526**	167,589
Finance costs		**(7,454)**	(9,857)
Impairment loss on land and buildings		**-**	(1,825)
Negative goodwill on acquisition of additional interest in a subsidiary		**-**	1,502
Gain on disposal of land and buildings		**2,464**	-
Profit before taxation	4	**159,536**	157,409
Taxation	5	**(35,022)**	(46,053)
Profit for the year		**124,514**	111,356
Attributable to:			
Equity holders of the Company		**104,800**	99,240
Minority interests		**19,714**	12,116
Profit for the year		**124,514**	111,356
Dividends	6	**10,440**	2,088
Earnings per share			
Basic	7(a)	**50 cents**	48 cents
Diluted	7(b)	**N/A**	N/A

CONSOLIDATED BALANCE SHEET
(Expressed in Hong Kong dollars)

	Note	**28.02.2009**		29.02.2008	
		HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment			**134,625**		138,375
Other financial assets			**500**		500
Deferred tax assets			**26,732**		18,883
			161,857		157,758
Current assets					
Inventories		**760,761**		865,594	
Trade and other receivables	8	**162,501**		156,590	
Current tax recoverable		**116**		44	
Cash at bank and in hand		**127,121**		78,998	
		1,050,499		1,101,226	
Current liabilities					
Trade and other payables	9	**(391,765)**		(524,340)	
Bank overdrafts - secured		**(22,468)**		(25,804)	
Bank loans - secured		**(74,374)**		(73,797)	
Other loan - secured		**(14,552)**		(14,552)	
Other loan - unsecured		**(311)**		(1,782)	
Obligations under finance leases - current		**(173)**		(865)	
Current tax payable		**(79,179)**		(96,874)	
		(582,822)		(738,014)	
Net current assets			**467,677**		363,212
Total assets less current liabilities carried forward			**629,534**		520,970

		28.02.2009		29.02.2008	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Total assets less current liabilities brought forward			**629,534**		520,970
Non-current liabilities					
Bank loans - secured		**(12,640)**		(32,320)	
Other loan - secured		**(6,962)**		(21,514)	
Other loan - unsecured		**-**		(312)	
Obligations under finance leases - non-current		**(308)**		(126)	
Employee benefit obligations		**(22,323)**		(17,671)	
Deferred tax liabilities		**(6,885)**		(777)	
			(49,118)		(72,720)
NET ASSETS			**580,416**		448,250
CAPITAL AND RESERVES					
Share capital			**52,203**		51,766
Reserves			**459,847**		349,865
Total equity attributable to equity holders of the Company			**512,050**		401,631
Minority interests			**68,366**		46,619
TOTAL EQUITY			**580,416**		448,250

Note

1 Significant accounting policies

a) Statement of compliance

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This financial information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules").

b) Basis of preparation of financial information

The measurement basis used in the preparation of the financial information is historical cost.

The principal accounting policies and methods of computation used in the preparation of the financial information for the year ended 28 February 2009 are consistent with those adopted in the financial information for the year ended 29 February 2008, except for the adoption of the new and revised HKFRS as explained in (c) below.

The financial information is presented in Hong Kong dollars, which is the Company's functional currency.

A summary of the significant accounting policies adopted by the Group is set out below.

c) Adoption of new and revised Hong Kong Financial Reporting Standards

During the current year, the Group has adopted the following amendments to HKFRSs and Interpretations which are effective for annual accounting periods commencing on or after 1 March 2008:-

HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets
HK (IFRIC) - Int 12	Service Concession Arrangements
HK (IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above amendments and new interpretations has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial information.

1 Significant accounting policies (continued)

d) Judgments and estimates

This preparation of financial information in conformity with HKFRSs requires the directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have considered the development, selection and disclosure of the Group's critical accounting policies and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities are as follows:-

(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 each balance sheet date.

1 Significant accounting policies (continued)

(iii) Allowance for bad and doubtful trade and other receivables

The Group determines the allowance for bad and doubtful trade and other receivables 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 each balance sheet date.

(iv) Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

(v) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and temporary difference to the extent that it is probable that taxable profit will be available against which the losses and temporary difference can be utilised. Significant judgment 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 together with future tax planning strategies.

2 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.

3 Other income and gains

	Year ended 28.2.2009 HK$'000	*Year ended* 29.2.2008 HK$'000
Rental income	651	468
Interest income	312	491
Foreign exchange gain	751	3,151
Compensation received for early termination of lease in Hong Kong	28,783	-
Others	6,531	3,469
	37,028	7,579

4 Profit before taxation

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

	Year ended 28.2.2009 HK$'000	*Year ended* 29.2.2008 HK$'000
(a) Finance costs		
Interest on bank loans and overdrafts	5,520	6,255
Interest on other loans	1,890	3,483
Finance charges on obligations under finance leases	44	119
	7,454	9,857

4 Profit before taxation (continued)

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

	Year ended 28.2.2009 HK$'000	Year ended 29.2.2008 HK$'000
(b) Staff costs		
Contribution to defined contribution retirement plan	5,050	5,487
Expense recognised in respect of long service payments	4,652	6,835
Retirement costs	9,702	12,322
Equity-settled share option expenses	-	316
Salaries, wages and other benefits	281,723	269,868
	291,425	282,506
(c) Other items		
Auditors' remuneration		
- current year provision	3,140	3,298
- prior year underprovision	-	167
(Reversal)/Allowance for bad and doubtful debts	(265)	697
Cost of inventories sold	918,260	898,714
Depreciation	47,054	40,060
Operating leases charges		
- land and buildings situated in Hong Kong	71,565	66,432
- land and buildings situated other than in Hong Kong	16,001	12,956
Gain on disposal of land and buildings	(2,464)	-
Loss on disposal of plant and equipments	343	296
Reversal of provision for inventories	(6,201)	(6,200)
Rentals received / receivable from properties less direct outgoings of HK$76,000 (2008: HK$55,000)	(575)	(414)

Cost of inventories sold includes HK$54,285,000 (2008: HK$51,291,000) relating to staff costs, auditors' remuneration, depreciation expenses, operating lease charges, which amounts are also included in the respective total amounts disclosed separately above in note 4(b) and 4(c) for each of these types of expenses.

5 Taxation

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008, which reduced the Hong Kong profits tax rate from 17.5% to 16.5%, and accordingly Hong Kong profits tax has been provided at the rate of 16.5% (2008 17.5%) on the estimated assessable profits for the year. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

Taxation in the consolidated income statement represents:-

	Year ended 28.2.2009 HK$'000	*Year ended 29.2.2008* HK$'000
Current tax - Hong Kong profits tax		
Tax for the year	5,655	6,592
Underprovision in respect of prior years	2,397	209
	8,052	6,801
Current tax – overseas		
Tax for the year	27,412	31,859
Under provision in respect of prior years	1,181	-
	28,593	31,859
Deferred tax	(1,623)	7,393
	35,022	46,053

6 Dividends

An interim dividend of HK$0.02 (2008: HK$Nil) per ordinary share, amounting to an interim dividend of HK$4,176,000 (2008: HK$Nil) was declared and paid during the year ended 28 February 2009.

A final dividend for the year ended 28 February 2009 of HK$0.03 (2008: HK$0.01) per ordinary share, amounting to a final dividend of approximately HK$6,264,000 (2008: HK$2,088,000) is to be proposed at the forthcoming annual general meeting of the Company. This financial information does not reflect this final dividend payable.

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company in the amount of HK$104,800,000 (2008: HK$99,240,000) and on the weighted average of 208,375,721 ordinary shares (2008: 207,063,221 ordinary shares) in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share is not shown for the year ended 28 February 2009 and 29 February 2008 as the exercise price of the share options of the Company outstanding during the year was higher than the market price of the Company's ordinary shares immediately before the suspension of trading in the shares of the Company and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

8 Trade and other receivables

	28.2.2009 HK$'000	*29.2.2008* HK$'000
Trade receivables	110,910	127,350
Other receivables, deposits and prepayments	67,294	45,208
	178,204	172,558
Less : Allowance for bad and doubtful debts (note(c))	(15,703)	(15,968)
	162,501	156,590
	=======	=======

(a) Included in trade and other receivables are trade receivables (net of allowance for bad and doubtful debts) with the following ageing analysis:-

	28.2.2009 HK$'000	*29.2.2008* HK$'000
0 to 30 days	76,088	73,170
31 to 60 days	5,513	21,299
61 to 90 days	3,071	2,525
Over 90 days	10,535	15,388
Total trade receivables	95,207	112,382
Other receivables, deposits and prepayments (note(e))	67,294	44,208
	162,501	156,590
	=======	=======

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

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

	28.2.2009 HK$'000	*29.2.2008* HK$'000
Neither past due nor impaired	84,504	99,709
Less than 6 months past due	9,807	11,995
Over 6 months past due	896	678
	95,207	112,382
	=======	======

8 Trade and other receivables (continued)

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 related 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 trade and other receivables approximate their fair value.

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

	28.2.2009	*29.2.2008*
	HK$'000	HK$'000
1 March	15,968	15,271
Allowance for bad and doubtful (reversed)/recognised	(265)	697
28 February/ 29 February	15,703	15,968

(d) Details of trade and other receivables denominated in different currencies are as follows:-

	28.2.2009	*29.2.2008*
	HK$'000	HK$'000
Hong Kong dollars	48,878	36,736
Chinese Renminbi	90,275	96,225
United States dollars	22,198	22,965
Others	1,150	664
	162,501	156,590

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

	28.2.2009	*29.2.2008*
	HK$'000	HK$'000
Others receivables	14,724	9,493
Deposits	39,898	23,583
Prepayments	12,672	11,132
	67,294	44,208

9 Trade and other payables

(a) Included in trade and other payables are trade payables with the following ageing analysis:-

	28.2.2009 HK$'000	*29.2.2008* HK$'000
0 to 30 days	44,130	33,579
31 to 60 days	24,523	52,392
61 to 90 days	23,126	45,808
Over 90 days	84,165	220,298
Total trade payables	175,944	352,077
Other payables and accruals (note (c))	215,821	172,263
	391,765	524,340
	========	========

The directors consider that trade and other payables approximate their fair values.

(b) Details of trade and other payables denominated in different currencies are as follows:-

	28.2.2009 HK$'000	*29.2.2008* HK$'000
Hong Kong dollars	137,272	155,289
Chinese Renminbi	111,990	119,438
United States dollars	139,683	241,767
Others	2,820	7,846
	391,765	524,340
	=======	=======

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

	28.2.2009 *HK$'000*	29.2.2008 *HK$'000*
Other payables	82,458	74,126
Customer deposits	8,317	13,431
Provision for liabilities	24,214	19,471
Accruals	100,832	65,235
	215,821	172,263
	=======	=======

10 Segment reporting

Segment information is presented in respect of the Group's geographical segments. Information relating to geographical segments based on the location of assets is chosen because this is more relevant to the Group in making operating and financial decisions. No business segments analysis of the Group is presented as all the Group's turnover and trading result are generated from the manufacture, sale and marketing of jewellery products.

	PRC (including Hong Kong and Macau)		*Others*		*Inter-segment elimination*		*Consolidated*	
	Year ended		*Year ended*		*Year ended*		*Year ended*	
	28.2.2009	*29.2.2008*	***28.2.2009***	*29.2.2008*	***28.2.2009***	*29.2.2008*	***28.2.2009***	*29.2.2008*
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**1,928,236**	1,879,932	**31,160**	37,535	**-**	-	**1,959,396**	1,917,467
Inter-segment revenue	**7,233**	14,995	**-**	-	**(7,233)**	(14,995)	**-**	-
Other revenue from external customers	**37,090**	7,038	**(62)**	541	**-**	-	**37,028**	7,579
Total	**1,972,559**	1,901,965	**31,098**	38,076	**(7,233)**	(14,995)	**1,996,424**	1,925,046
Segment results	**163,520**	163,902	**1,006**	3,687			**164,526**	167,589
Finance costs							**(7,454)**	(9,857)
Impairment loss on land and buildings							**-**	(1,825)
Gain on disposal of land and buildings							**2,464**	-
Negative goodwill on acquisition of additional interest in a subsidiary							**-**	1,502
Taxation							**(35,022)**	(46,053)
Profit for the year							**124,514**	111,356

FINAL DIVIDEND

The Board proposed to declare a final dividend of 3 HK cents per ordinary share of the Company for the year ended 28 February 2009 (2008: 1 HK cent per ordinary share) to shareholders whose names appear on the Register of Members of the Company on Thursday, 27 August 2009. Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on Friday, 11 September 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 21 August 2009 to Thursday, 27 August 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and for the attendance of the forthcoming Annual General Meeting, 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, 20 August 2009.

REVIEW AND OUTLOOK

The Group has continued to achieve improvements in its results for the financial year ended 28 February 2009 ("the year") over that achieved last financial year. Due to the global economic crisis and other factors, however, that growth has become moderate as compared to that of last year.

The improvement was mainly due to (i) an increase in both turnover and net profit of the retail business in mainland China and (ii) an income gained from the termination of a rental lease in Hong Kong. While benefiting from the less-affected economy of mainland China, the Group spent significant efforts in fighting against declining markets of other business regions.

In coping with the global financial situation, the Group took a cautious approach to the management of store and inventory portfolios of all business segments. It also took various measures to stringently control company costs. While acting prudently to minimize the negative impact on severely affected areas such as export and non-Chinese tourism, the Group was eager to identify opportunities; we achieved the following results during this fiscal year:

- Opened 17 stores in the mainland China retail network for maximizing business opportunities in a continually growing market. In light of the global financial crisis, store expansion was slowed down in the second half of the year.

- Out of the said 17 new stores, 7 of these stores were for our second brand "SAXX" expansion, bringing the SAXX stores to a total number of 19 in mainland China.

- Opened 2 stores in Yuen Long and Sheung Shui in the New Territories for further penetration of our business into the Hong Kong local consumer market, and maximizing the cross-the-boarder-shopping business from Shenzhen of China.

- Refreshed the brand image of TSL, SAXX and Estrella by revamping the visuals of stores and marketing materials with the new thematic images photographed in the United States.

- Upgraded the showroom environment with the updated store design and visuals in the Hung Hom headquarter.

- Successfully launched a new seasonal product campaign that aims at bringing international jewellery and fashion trends to our customers.

- Received recognitions of our well-established quality service culture from external bodies such as the service awards from Hong Kong Retail Management Association and MTR Corporation.

- Won a number of international and local jewellery design awards that recognized our leadership in and dedication to innovative jewellery design.

Notwithstanding the on-going global financial turbulence and the threat of Influenza A (H1N1) outbreak, the Group stays positive with the future development. With the completion of various core infrastructure projects in the past few years, the Group owns a satisfactory platform for supporting its growth in the years to come. In addition, our long history in the jewellery retail industry and the prestigious TSL brand position developed in mainland China are the critical success factors in sustaining our growth. With the support of the TSL main brand, the second brand "SAXX", which represents a stylish and energetic way of life through its metaphor of jazz music, has been gradually moving into the consumer market of young professionals in mainland China. This positioning of SAXX will secure us high-potential opportunities in the next few years. In the luxury segment, the Estrella Diamond will continue to be our major focus, which aims at bringing one-of-a-kind high-jewellery offerings to our customers. Being a brand-driven jewellery retailer who provides high quality products with state-of-the-art designs and craftsmanship has been and will continue to be the core value for the Group to move forward.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the financial year ended 28 February 2009, the Group achieved (i) a consolidated turnover of HK$1,959 million (2008: HK$1,917 million), an increase of 2.2% from last financial year and (ii) a profit attributable to equity holders of the Company of HK$104.8 million (2008: HK$99.2 million), an increase of 5.6%. Earnings per share were 50 HK cents (2008: 48 HK cents). The improvement in the Group's results for the year was mainly attributable to (i) the growth of turnover and contribution from our mainland China (the "Mainland") business and (ii) other income from compensation for early termination of shop lease.

The improvement was mainly noted in the first half of the financial year. Because of the deepening of the global financial crisis in September, 2008, it was inevitably that the luxury market in which the Group operated has been affected. Excluding the effect of the compensation received in the other income, the profit attributable to equity holders decreased by 23.4% from HK$99.2 million to HK$76 million.

During the year, Hong Kong and Macau Retail markets have slowed down because of the visa policy adjustment by the Mainland to prepare for the Beijing Olympic Games in the first half and the deepening of the global financial crisis in the second half.

The Group have continued the review of its retail operations in Hong Kong and progressively shifted the mix of its stores to better suit the changing shopping habits in Hong Kong. During the year, the Group opened two new stores respectively in Sun Yuen Long Centre and Landmark North in Sheung Shui. Renewal of lease for existing sites has been critically evaluated particularly in respect of the rental in light of the uncertain economic situation.

Thanks to the sales growth of tourists from the Mainland, despite the decrease in number of tourists from other overseas markets, turnover in the Group's showroom business was stable during the year.

Our business in the Mainland saw satisfactory growth which was in line with the increasing wealth of the population and the expanding Mainland economy generally. During the year, 17 new stores were opened by the Group of which 7 are Saxx stores. This second brand has been well-received by consumers and our business partners.

Because of the uncertain and deteriorating global economy, our export business has tightened the credit policy and the business slowed down. There have also been pressures on the margin and affected the performance of this business.

The Malaysian operation was also affected by the global financial crisis and the business has slowed down in the second half of the year.

The deterioration of the world wide economy seems to have stabilized in recent months. However, the economic recovery and the aftermath of the financial crisis are yet to be certain. The outbreak of the Influenza A (H1N1) also poses an additional threat to the fragile economy. The outlook of the market in the coming year is, therefore, also full of uncertainties.

In view of the global financial crisis, the Group has been taking a cautious approach to critically review the store and inventory portfolio of all business segments. The Group has also implemented stringent cost control measures and improved the internal efficiency. The continuous improvements in these core competences have been and will be an important source of growth of the Group. These efforts also enable the Group to better grasp the opportunities arising from the continued economic growth in the Mainland in which the Group has a very good presence.

Finance, Liquidity, Capital Structure and Gearing

Capital expenditure including store renovation and expansion, information technology investment and machinery made during the year amounted to approximately HK$45 million. This was mainly financed from bank borrowings and internal resources.

At 28 February 2009, the Group's total borrowings decreased to HK$131.8 million from HK$171.1 million at 29 February, 2008. Our debt to equity ratio (ratio of total borrowings to total equity) has decreased from 38.2% to 22.7% because of the increase in total equity value resulting from the profit and the repayment of loan during the year. All the Group's borrowings are denominated in Hong Kong dollars. Interest is determined on the basis of inter-bank market rates or prime rate.

As at 28 February 2009, the Group had cash and bank balances and undrawn banking facilities of approximately HK$137 million, which in the opinion of the directors, should be sufficient for the present 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 is insignificant to the Group.

Charges on Group Assets

(1) At 28 February 2009, debentures were executed by the Group in favour of its bankers and financial creditors charging, by way of fixed and floating charges, all of the undertakings, properties and assets of the Company and 12 of its subsidiaries as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers and financial creditors. Rental revenue of the Group is also charged in favour of the Group's bankers.

(2) At 28 February 2009, the Group pledged all rights, titles and interests in 80.46% of the entire share capital of Infinite Assets Corp. and Tse Sui Luen Investment (China) Limited and all benefits accruing to the pledged equity interest to the Group's bankers and financial creditors as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers and financial creditors.

(3) On 27 September 2007, the Company and its 6 subsidiaries (the "Subsidiaries") executed a second floating charge and the Company made a guarantee to the Subsidiaries and there is a cross guarantee among the Subsidiaries in favor 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 debts arising from the supply of polished diamonds and precious stones by Rosy Blue HK to the Subsidiaries (the "Debts"). At 28 February 2009, the Debts amounted to HK$70,430,000.

Contingent Liabilities

(1) As set out in the announcement of the Company dated 3 June 2008, two directors of the Company, and a controller of showroom operation of a subsidiary and a consultant to a subsidiary were convicted by the District Court of Hong Kong of various charges involving offences under the Prevention of Bribery Ordinance, the Crime Ordinance and the Theft Ordinance. The Company has been informed that the two directors who have been convicted have commenced proceedings to appeal the verdict (the "Appeal"). Under the Company's Bye-Laws, the Company may be required to indemnify its directors from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur in execution of their duty, provided that such indemnity shall not be extended to any matter in respect of, among other things, fraud and dishonesty. The Directors are of the view that they are not in a position to conclude that whether and/or to what extent the Company may be required to indemnify the two directors involved in relation to the Appeal.

(2) As at the balance sheet date, the disputes of certain subsidiaries with Inland Revenue Department ("IRD") regarding the tax treatment of certain offshore income, agents commission payments and promoter fees for prior years are still undetermined. During the year, a subsidiary received additional assessments and proposed adjustments in relation to the dispute on the tax treatment of agent commission payments and promoter fees for prior years. The Group has established a total provision of approximately

HK$94 million for all the additional assessments issued and proposed by IRD in respect of such disputes. In the event that the Group is not successful in defending the tax treatments adopted, the Group may be subject to significant additional tax liabilities and possibly penalties which, under the provisions of the current tax legislation, may be up to three times any tax under-reported as assessed by the IRD.

Furthermore, the verdict of the District Court of Hong Kong mentioned in (1) above may or may not have impact on the IRD's challenges on the tax treatments adopted by the Group relating to agents commission payments and promoter fees arising in prior years. The directors consider that it is impractical to estimate the potential amount of additional tax liabilities arising if the IRD's challenge in respect of the offshore income, agent commission payments and promoter fees is successful.

Human Resources

As at 28 February 2009, the total number of employees of the Group was approximately 3,200 (2008: 3,200).

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 on-the-job training by internal seniors and external professional trainers. Experience sharing with seniors at in-house seminars and discussion groups enhance intra-departmental communications.

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The Audit Committee of the Company has reviewed the consolidated financial information of the Group for the year ended 28 February 2009.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 28 February 2009 have been agreed by the Group's auditors, Moore Stephens, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Moore Stephens in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standard 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 Moore Stephens on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Second Floor, Block B, Summit Building, 30 Man Yue Street, Hunghom, Kowloon, Hong Kong on Thursday, 27 August 2009 at 3:00 p.m. (Hong Kong time).

CORPORATE GOVERNANCE

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

The Company is committed to the establishment of good corporate governance practices and procedures. During the year ended 28 February 2009, the Company has applied the principles and complied with most 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") except for the deviation of code provision A.2.1. Details of such deviation are given in the Corporate Governance Report of the Annual Report 2008/2009.

Audit Committee

The Audit Committee, the terms of reference of which are posted in the Company's website and which are in compliance with the provisions set out in the CG Code, comprises three members who are all Independent Non-executive Directors of the Company. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial statements and review of the relationship with the external auditors of the Company. The Audit Committee meets at least twice a year.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("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 2009.

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 2009.

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

Hong Kong, 12 June 2009

At the date of this announcement, the Board comprises:

Executive Directors:
Ms. YAU On Yee, Annie
Mr. Erwin Steve HUANG
Mr. CHEUNG Tse Kin, Michael
Mr. LAI Tsz Mo, Lawrence
Ms. CHOW Kwok Ying, Rachel

Independent Non-executive Directors:
Mr. CHUI Chi Yun, Robert
Mr. Peter George BROWN
Mr. HENG Ching Kuen, Franklin

** For identification purpose only*