TSL 謝瑞麟
HONG KONG

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 2009/2010

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 2010 was HK$121,690,000 (2009 (restated): HK$104,757,000). The basic earnings per share was HK$0.58 (2009 (restated): HK$0.50). The consolidated results of the Company and its subsidiaries (the "Group") for the year ended 28 February 2010 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2010

(Expressed in Hong Kong dollars)

	Note	**2010** *HK$'000*	2009 *HK$'000* (restated)
Turnover	2	**2,017,572**	1,959,360
Cost of goods sold		**(952,621)**	(920,698)
Gross profit		**1,064,951**	1,038,662
Other revenue	3	**9,800**	37,028
Selling expenses		**(776,400)**	(804,120)
Administrative expenses		**(95,495)**	(107,080)
Profit from operations		**202,856**	164,490
Finance costs	4(a)	**(3,761)**	(7,454)
Gain on disposal of land and buildings		**-**	2,464
Profit before taxation	4	**199,095**	159,500
Taxation	5	**(52,344)**	(35,022)
Profit for the year		**146,751**	124,478
Other comprehensive income			
Exchange difference arising on translation of financial statements of foreign subsidiaries		**2,717**	10,836
Other comprehensive income, net of tax		**2,717**	10,836
Total comprehensive income for the year		**149,468**	135,314

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	**2010**	2009
		HK$'000	*HK$'000*
			(restated)
Profit attributable to :			
Equity holders of the Company		**121,690**	104,757
Minority interests		**25,061**	19,721
		146,751	124,478
Total comprehensive income attributable to:			
Equity holders of the Company		**124,360**	113,560
Minority interests		**25,108**	21,754
		149,468	135,314
Earnings per share			
Basic	7(a)	**58 cents**	50 cents
Diluted	7(b)	**58 cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Note	**28.2.2010**	28.2.2009	1.3.2008
		HK$'000	*HK$'000*	*HK$'000*
			(restated)	(restated)
Non-current assets				
Property, plant and equipment		**118,593**	134,625	138,375
Other asset		**500**	500	500
Deferred tax assets		**22,244**	26,732	18,883
		141,337	161,857	157,758
Current assets				
Inventories		**954,714**	760,761	865,594
Trade and other receivables	8	**183,982**	162,501	156,590
Current tax recoverable		**1,038**	116	44
Cash at bank and in hand		**176,894**	127,121	78,998
		1,316,628	1,050,499	1,101,226
Current liabilities				
Trade and other payables	9	**(501,302)**	(393,235)	(525,774)
Bank overdrafts – secured		**(19,364)**	(22,468)	(25,804)
Bank loans – secured		**(86,350)**	(74,374)	(73,797)
Other loan – secured		**(6,962)**	(14,552)	(14,552)
Other loan – unsecured		**-**	(311)	(1,782)
Obligations under finance leases – current		**(107)**	(173)	(865)
Current tax payable		**(62,179)**	(79,179)	(96,874)
		(676,264)	(584,292)	(739,448)
Net current assets		**640,364**	466,207	361,778
Total assets less current liabilities		**781,701**	628,064	519,536
Non-current liabilities				
Bank loans – secured		**(36,800)**	(12,640)	(32,320)
Other loan – secured		**-**	(6,962)	(21,514)
Other loan – unsecured		**-**	-	(312)
Obligations under finance leases – non-current		**(203)**	(308)	(126)
Employee benefit obligations		**(11,152)**	(22,323)	(17,671)
Deferred tax liabilities		**(12,969)**	(6,885)	(777)
		(61,124)	(49,118)	(72,720)
NET ASSETS		**720,577**	578,946	446,816
CAPITAL AND RESERVES				
Share capital		**52,584**	52,203	51,766
Reserves		**574,782**	458,640	348,701
Total equity attributable to equity holders of the Company		**627,366**	510,843	400,467
Minority interests		**93,211**	68,103	46,349
TOTAL EQUITY		**720,577**	578,946	446,816

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 financial information is presented in Hong Kong dollars, which is the Company's functional currency. All amounts are rounded to the nearest thousand except where otherwise indicated.

The principal accounting policies and methods of computation used in the preparation of the financial information for the year ended 28 February 2010 are consistent with those adopted in the financial information for the year ended 28 February 2009, except for the adoption of the new and revised HKFRS as explained in (c) below.

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***

The following new and revised HKFRSs, amendments to HKFRSs and Interpretations are relevant to the preparation of the Group's financial statements effective for annual reporting periods beginning on or after 1 March 2009:-

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 Amendment	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 32 Amendment	Financial Instruments: Presentation
HKAS 36 Amendment	Impairment of Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKFRS 1 Amendment	First-time Adoption of Hong Kong Financial Reporting Standards

1. Significant accounting policies (continued)

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

HKFRS 7 Amendment	Financial Instruments: Disclosures
HKFRS 8	Operating segments
Improvements to HKFRSs 2008	Improvements to HKFRS issued in 2008 except for amendment to HKFRS 5 that is effective for annual reporting periods beginning or after 1 July 2009
Improvements to HKFRSs 2009	Improvements to HKFRS issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 18	Transfers of Assets from Customers

When the adoption of the new and revised HKFRSs, amendments to HKFRSs and Interpretations is deemed to have an impact on the financial statements, accounting policies or performance of the Group, its impact is described below.

HKAS 1 (Revised) "Presentation of Financial Statements"

HKAS 1 (Revised) has introduced a number of terminology changes including revised titles for the financial statements and has resulted in a number of changes in presentation and disclosure. The revised standard prohibits the presentation of income and expenses directly in the statement of changes in equity. All income and expenses are required to be shown in either one statement of comprehensive income or two statements (the income statement and the statement of comprehensive income). The Group has presented all income and expenses in one statement. In addition, the Group has presented consolidated statement of financial position as at 1 March 2008, as required under HKAS 1 (Revised), because the Group has applied HK (IFRIC) – Int 13 "Customer Loyalty Programmes" retrospectively as detailed below.

1. Significant accounting policies (continued)

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

HKFRS 8 “Operating Segments”

HKFRS 8 “Operating Segments”, which replaced HKAS 14 “Segment Reporting”, sets out requirements for disclosure of information about an entity’s operating segments, its products and services, the geographical areas in which it operates, and revenue from its major customers. This standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity’s chief operating decision maker in order to allocate resources to the segments and assesses their performance. The Group concluded that the operating segments determined in accordance with HKFRS 8 were the same as the business segments previously identified under HKAS 14 and has had no impact on the reported results or financial position of the Group. This standard is applied by the Group retrospectively.

HKAS 27 (Revised 2008) “Consolidated and Separate Financial Statements”

The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of investments in subsidiaries and associates, rather than as income. As a result of the amendments, as from 1 March 2009 all dividends receivable from subsidiaries and associates, whether out of pre- or post-acquisition profits, will be recognised in the Company’s profit or loss in statement of comprehensive income and the carrying amount of the investment in the investee will not be reduced unless the carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss in statement of comprehensive income, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendments, this new policy will be applied prospectively to any dividends receivable in the current for future periods and previous periods have not been restated. The revised standard has had no impact on the reported results or financial position of the Group.

HK (IFRIC) – Int 13 “Customer Loyalty Programmes”

HK(IFRIC) – Int 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. The Group maintains loyalty points programmes within its retail shops operate in Hong Kong and Mainland China, which allow customers to accumulate points when they purchase products in the shops or joining its clubs/programmes. The points can then be redeemed for free products/gifts, subject to certain terms and conditions.

1. Significant accounting policies (continued)

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

HK (IFRIC) – Int 13 "Customer Loyalty Programmes"(Continued)

Following the adoption of HK(IFRIC) – Int 13, consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying analysis of historical record. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed. The change in accounting policy has been applied retrospectively. The impact of this change in accounting policy is summarized below:

	28.2.2010 HK$ '000	28.2.2009 HK$ '000
Consolidated Statement of Comprehensive Income for the year ended		
Decrease in turnover	590	36
Increase in cost of goods sold	1,880	2,438
Decrease in selling expense	1,880	2,438
Decrease in basic earnings per share (HK cents)	-	-
Consolidated Statement of Financial Position and equity as at the beginning of year ended		
Increase in other payables and accruals	1,470	1,434
Decrease in retained profits	1,207	1,164
Decrease in minority interests	263	270
Consolidated Statement of Financial Position and equity as at the end of year ended		
Increase in other payables and accruals	2,060	1,470
Decrease in retained profits	1,832	1,207
Decrease in minority interests	228	263

1. Significant accounting policies (continued)

d) *Judgment and estimates*

The 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 the end of the reporting period.

1. Significant accounting policies (continued)

d) *Judgment and estimates (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 the end of the reporting period.

(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 to the extent that it is probable that taxable profit will be available against which the losses 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.

(vi) Customer loyalty programmes

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

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 net of value added tax and discount.

3. Other revenue

	2010	*2009*
	HK$'000	*HK$'000*
Compensation received for early termination of a lease in Hong Kong	**-**	28,783
Foreign exchange (loss)/ gain - net	**(497)**	751
Interest income	**518**	312
Rental income	**651**	651
Others	**9,128**	6,531
	9,800	37,028

4. Profit before taxation

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

	2010	*2009*
	HK$'000	*HK$'000*
		(restated)
(a) Finance costs		
Interest on bank loans and overdrafts wholly repayable within five years	**3,404**	5,520
Interest on other loans wholly repayable within five years	**356**	1,890
Finance charges on obligations under finance leases	**1**	44
	3,761	7,454

4. Profit before taxation (continued)

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

		2010 HK$'000	2009 HK$'000 (restated)
(b)	Staff costs		
	Contribution to defined contribution retirement plan	**4,775**	5,050
	Adjustment in respect of long service payments	**(11,171)**	4,652
	Retirement costs - net	**(6,396)**	9,702
	Salaries, wages and other benefits	**284,719**	281,723
		278,323	291,425
(c)	Other items		
	Auditors' remuneration		
	- current year provision		
	- auditor of the Company	**3,000**	2,835
	- other auditors	**239**	305
	- prior year underprovision		
	- auditor of the Company	**90**	-
	Reversal for bad and doubtful debts	**(110)**	(265)
	Cost of inventories sold	**952,621**	920,698
	Depreciation	**42,906**	47,054
	Operating leases charges		
	- land and buildings situated in Hong Kong	**72,410**	71,565
	- land and buildings situated other than in Hong Kong	**17,176**	16,001
	Gain on disposal of land and buildings	**-**	(2,464)
	Loss on disposal of plant and equipments	**89**	343
	Provision /(reversal of provision) for inventories	**3,560**	(6,201)
	Rentals income from properties less direct outgoings		
	- rental income	**(651)**	(651)
	- direct outgoings	**66**	76
		(585)	(575)

Cost of inventories sold includes HK$51,793,000 (2009: HK$54,285,000) relating to staff costs, depreciation expenses, operating lease charges, which amounts are also included in the respective total amounts disclosed separately above in note 4(b) and 4(c) for each of these types of expenses.

5. Taxation

Taxation in the consolidated statement of comprehensive income represents:-

	2010	*2009*
	HK$'000	HK$'000
Current tax - Hong Kong profits tax		
Tax for the year	**3,269**	5,655
Underprovision in respect of prior years	**280**	2,397
	3,549	8,052
Current tax – overseas		
Tax for the year	**38,295**	27,412
(Overprovision) / Under provision in respect of prior years	**(29)**	1,181
	38,266	28,593
Deferred tax	**10,529**	(1,623)
	52,344	35,022

(a) The provision for Hong Kong Profits Tax is calculated at 16.5% (2009:16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) There were disputes between certain subsidiaries with Inland Revenue Department ("IRD") regarding the tax treatment of certain offshore income and agents commission payments and promoter fees for prior years. IRD had issued protective profits tax assessments and proposals from our year ended 28 February 2002 to year ended 28 February 2009. The Group has established full provision for all additional assessments issued and proposed by IRD in respect of such disputes in the previous years. On 30 April 2010, the Group have submitted settlement proposals to IRD and the Group is still awaiting reply from the IRD as at the date of the approval of the financial statements. The directors consider that the provision made in the financial statements to be adequate.

6. Dividends

An interim dividend of HK$0.02 (2009: HK$0.02) per ordinary share, amounting to an interim dividend of HK$4,207,000 (2009: HK$4,176,000) was declared and paid during the year ended 28 February 2010.

A final dividend for the year ended 28 February 2010 of HK$0.08 (2009: HK$0.03) per ordinary share, amounting to a final dividend of approximately HK$16,827,000 (2009: HK$6,310,000) 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$121,690,000 (2009 (restated): HK$104,757,000) and on the weighted average of 209,867,971 ordinary shares (2009: 208,375,721 ordinary shares) in issue during the year.

(b) ***Diluted earnings per share***

The calculation of diluted earnings per share is based on the profit attributable to the equity holders of the Company in the amount of HK$121,690,000 and on the weighted average of 210,127,513 ordinary shares (2009:208,375,721 ordinary shares), adjusted for the effects of exercise of share options. Diluted earnings per share is not shown for the year ended 28 February 2009 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

	2010	*2009*
	HK$'000	HK$'000
Trade receivables	**140,839**	110,910
Other receivables, deposits and prepayments	**58,736**	67,294
	199,575	178,204
Less: Allowance for bad and doubtful debts (note (c))	**(15,593)**	(15,703)
	183,982	162,501

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

	2010	*2009*
	HK$'000	HK$'000
0 to 30 days	**113,413**	76,088
31 to 60 days	**2,573**	5,513
61 to 90 days	**691**	3,071
Over 90 days	**8,569**	10,535
Total trade receivables	**125,246**	95,207
Other receivables, deposits and prepayments (note (d))	**58,736**	67,294
	183,982	162,501

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:-

	2010	*2009*
	HK$'000	HK$'000
Neither past due nor impaired	**124,107**	84,504
Less than 6 months past due	**1,101**	9,807
Over 6 months past due	**38**	896
	125,246	95,207

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 deemed 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:-

	2010	*2009*
	HK$'000	HK$'000
1 March	**15,703**	15,968
Allowance for bad and doubtful debts reversed	**(110)**	(265)
28 February	**15,593**	15,703

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

	2010	*2009*
	HK$'000	HK$'000
Others receivables	**11,747**	14,724
Deposits	**39,084**	39,898
Prepayments	**7,905**	12,672
	58,736	67,294

9. Trade and other payables

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

	2010	*2009*
	HK$'000	HK$'000
		(restated)
0 to 30 days	**26,062**	44,130
31 to 60 days	**53,249**	24,523
61 to 90 days	**49,987**	23,126
Over 90 days	**144,629**	84,165
Total trade payables	**273,927**	175,944
Other payables and accruals (note (b))	**227,375**	217,291
	501,302	393,235

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

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

	2010	*2009*
	HK$'000	HK$'000
		(restated)
Others payables	**65,932**	82,458
Customer deposits	**7,689**	8,317
Provision for liabilities	**19,424**	24,214
Accruals	**134,330**	102,302
	227,375	217,291

10. Segment reporting

	PRC (including Hong Kong and Macau) Year Ended		Others		Inter-segment elimination		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000 (restated)
Revenue from external customers	**1,994,997**	1,928,200	**22,575**	31,160	**-**	-	**2,017,572**	1,959,360
Inter-segment revenue	**4,792**	7,233	**-**	-	**(4,792)**	(7,233)	**-**	-
Other revenue from external customers	**9,645**	37,090	**155**	(62)	**-**	-	**9,800**	37,028
Total	**2,009,434**	1,972,523	**22,730**	31,098	**(4,792)**	(7,233)	**2,027,372**	1,996,388
Segment results	**205,448**	163,484	**(2,592)**	1,006			**202,856**	164,490
Finance costs							**(3,761)**	(7,454)
Gain on disposal of land and buildings							**-**	2,464
Taxation							**(52,344)**	(35,022)
Profit for the year							**146,751**	124,478

FINAL DIVIDEND

The Board has proposed to declare a final dividend of 8 HK cents per ordinary share of the Company for the year ended 28 February 2010 (2009: 3 HK cents per ordinary share) to shareholders whose names appear on the Register of Members of the Company on Wednesday, 25 August 2010. This, together with the interim dividend of 2 HK cents per ordinary share paid on Friday, 11 December 2009, will amount to a total dividend of 10 HK cents per ordinary share for the year (2009: 5 HK cents per ordinary share). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on Wednesday, 15 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 20 August 2010 to Wednesday, 25 August 2010, 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, 19 August 2010.

REVIEW AND OUTLOOK

The Group has achieved satisfactory improvement in its results for the year ended 28 February 2010 (the "year") and the rebound of the Group's performance in the second half of the year was encouraging. Moreover, the resumption of trading in shares at the Hong Kong Stock Exchange on 15 June 2009 after the suspension of trading for more than three years made the year more remarkable.

Attributable to our conservative expansion in the retail network in Asia, the total turnover of the Group demonstrated a modest increase over the year despite the continuingly gloomy export market. However, in light of a steady growth in the China retail business and improved efficiency across the Group, satisfactory growth of 24.8% and 16.2% in the pre-tax profit and the profit attributable to shareholders respectively were recorded when compared to the previous year. Excluding the non-recurring other revenue recorded in the previous year, we have achieved an outstanding improvement of 60.1% in the profit attributable to shareholders. Thanks to the re-investment program in the past years which enabled us to drive various improvement initiatives, such as effective cost control.

In addition to achieving good financial results, our mission has always been to strive for excellence in innovative product designs, state-of-the-art craftsmanship and extraordinary customer service. We proudly announce that we attained a new Guinness World Record, "The Most Expensive Snoopy Memorabilia". In celebration of the 60th anniversary of Snoopy & his friends, a comic originated in the United States, we created "The Ever-Shining Star", a masterpiece set with over ten thousand pieces of diamonds and color stones totaling 207 carats. Furthermore, our jewelry designers achieved outstanding results in various jewelry design competitions during the year. The

11th Hong Kong Jewellery Design Competition, the most recognized jewelry design competition in Hong Kong organized by HKTDC and a number of jewelry trade associations, awarded our Chief Jewelry Designer, Mr. Yuen Che Wai, and the Company the Best of Show Award and the Craftsmanship & Technology Award. Last but not least, our excellence in the area of customer service also shone. Our staff, Ms. Wong Yin Fun, was awarded "2009 Service & Courtesy Award" by Hong Kong Retail Management Association and one of our retail stores in Hong Kong was awarded "Top Performer 2009" by MTR Corporation Limited.

As for the business outlook, it is beyond doubt that the China retail business will continue to flourish. We will keep investing in expanding the regional retail network for business opportunities maximization. More marketing resources will also be provided to enhance our brand exposure. Saxx, our second brand targeting at the young and energetic professionals, will continue to expand its store network for a wider coverage in China. In developed markets like Hong Kong, Macau and Malaysia, we will continue to review the retail network and store profiles in order to drive greater efficiency and return on investment. In terms of corporate social responsibilities, we will keep up with our Caring Company status, and sponsor our staff for their participation in charity programs. We will also look into different environmental friendly ways to conduct our business.

Though the outlook is more positive, there are many challenges ahead. The effect of the global financial turmoil will certainly linger in the near-term with the possibility of over-heated markets has to be closely monitored at all time. Hence striking the balance between aggressive moves and risk mitigations in the right strategic direction is crucial. Nonetheless, with the continuing support from our shareholders and other stakeholders, we are confident that all these challenges can be overcome.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Results

For the financial year ended 28 February 2010, the Group achieved (i) a consolidated turnover of HK$2,017.6 million (2009: HK$1,959.4 million), an increase of 3% from last financial year and (ii) a profit attributable to equity holders of the Company of HK$121.7 million (2009: HK$104.8 million), an increase of 16%. Earnings per share were 58 HK cents (2009: 50 HK cents). If the non-recurring compensation income of early termination of lease in last year was excluded, the profit attributable to shareholders increased 60%. The improvement in the Group's results for the year was mainly attributable to the growth in turnover and contribution from our mainland China (the "Mainland") business.

The Board has proposed a final dividend of 8 HK cents per ordinary share of the Company for the year ended 28 February 2010 (2009: 3 HK cents per ordinary share) to shareholders whose names appear on the Register of Members of the Company on Wednesday, 25 August 2010, subject to the shareholders' approval at the forthcoming annual general meeting. Together with the interim dividend paid to shareholders on Friday, 11 December 2009, the total dividend for the year ended 28 February, 2010 will be 10 HK cents per ordinary share of the Company (2009: 5 HK cents per ordinary share).

The business environment in Hong Kong and Macau in the first half of the year was formidable. Thanks to improvement efforts and austerity measures taken by the Group, together with the revival of retail market in the second half of the year and the subsiding of Influenza (H1N1) threat, the Group had regained the ground lost in the first half year and achieved growth of approximately 22% when compared to last year. In Hong Kong, we expanded our store in Hollywood Plaza, Mong Kok and renovated our store in Austin Road, Tsim Sha Tsui during the year to meet the demand for jewellery from tourists. The performance of both markets will continue to heavily rely on the growth of tourist demand.

As to our showroom, the number of overseas visitors dropped significantly in the first half. Although the number subsequently rebounded, a full year decline of about 20% was still recorded. Thanks to the appropriate change of merchandises and improved operation efficiency, we managed to maintain a single digit decline in sales of showroom.

Our business in the Mainland saw satisfactory growth which was in line with the increasing income and spending power of the Mainland economy generally. Enjoying the economies of scale and improved efficiency, the profitability of Mainland business witnessed a faster growth rate than turnover.

The blow of the global financial crisis on our Export business, the major market of which is Europe and United States, was severe. Meanwhile, we took the opportunity to critically streamline the structure of our export operation and re-examine our business strategy and sample inventory. We expect those healthier and stronger distributers and retailers have depleted their inventories by now and the demand for replenishment will reemerge gradually.

The Malaysian operation was also affected by the global financial crisis and the business slowed down during the year.

The economic recovery in the United States has sprouted while the Mainland is expecting a moderate economic growth this year. On the other hand, the recent national debt crisis in Europe may or may not lead to a significant spill over effect for the rest of the world. The Group is cautiously optimistic with the business outlook and we will continue to carefully expand our store network to capitalize on our premier brand positioning and the market growth potential in the Mainland and Hong Kong. The Group will also continue to focus on the stringent cost control measures and internal efficiency improvement.

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$27 million. This was mainly financed from bank borrowings and internal resources.

At 28 February 2010, the Group's total borrowings slightly increased to HK$149.8 million from HK$131.8 million at 28 February 2009. Our debt to equity ratio (ratio of total borrowings to total equity) has decreased from 22.8% to 20.8% because of the increase in total equity value resulting from the increased profit 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 2010, the Group had cash and bank balances and undrawn banking facilities of approximately HK$233 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 Hong Kong dollars, Chinese Renminbi and US dollars. The impact of the fluctuation of foreign exchange rates of these currencies to the Group is minimal.

Charges on Group Assets

(1) At 28 February 2010, 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 2010, 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) At 28 February 2010, the Company and its 6 subsidiaries (the "Subsidiaries") executed a second floating charge and the Company made a guarantee to the Subsidiaries and there was 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 2010, the Debts amounted to HK$144,271,000.

Contingent Liabilities

As set out in the announcement of the Company dated 3 June 2008, two former directors of the Company, and a former controller of showroom operation of a subsidiary and a former 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 former directors who have been convicted have commenced proceedings to appeal the verdict. It was noted that the appeal was dismissed by the Court of Appeal on 31 May 2010. The Company understands that the two former directors are entitled to further appeal to a higher court but does not know their intention at the moment (the "possible 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 former directors involved in relation to the possible Appeal.

Human Resources

As at 28 February 2010, the total number of employees of the Group was approximately 3,200 (2009: 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 2010.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 28 February 2010 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 Wednesday, 25 August 2010 at 2:30 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 governance practices and procedures. During the year ended 28 February 2010, save for code provision A.2.1 as disclosed below, the Company has applied the principles and complied with most of the code provisions and some recommended best practices of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Code provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and clearly established and set out in writing. During the year ended 28 February 2010, the Chairman and the Chief Executive Officer of the Company are held by separate persons. The Chairman, Ms. Yau, is responsible for the Group's overall strategy and corporate functions. The Chief Executive Officer, Mr. Huang, is responsible for the business strategy and delivering business results. Under Mr. Huang's contract with the Group, he is under the direction, supervision and control of Ms. Yau. On 1 March 2010, Ms. Yau was appointed as the Chief Executive Officer and Mr. Huang resigned as the Chief Executive Officer of the Company. According to the Company's practice, all major strategic decisions are taken by the Board, or relevant committee of the Board, as duly constituted.

Audit Committee

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

The Audit Committee has reviewed the Company's consolidated financial statements and annual report for the year ended 28 February 2010, 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 2010.

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 2010.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2009/2010 ANNUAL REPORT

This annual results announcement will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the websites of the Company at www.tslj.com and http://tsl.etnet.com.hk. The 2009/2010 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, 7 June 2010

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*