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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 INTERIM RESULTS FOR 2014/2015

FINANCIAL HIGHLIGHTS	Six months ended		Change
	31 August		
	2014	2013	
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	
Turnover	1,818,345	2,129,221	-14.6%
Profit from operations	74,471	89,451	-16.7%
Profit attributable to owners of the Company	25,832	47,564	-45.7%
Basic earnings per share	12.3 cents	22.6 cents	-45.7%
Interim dividend	1.2 cents	2.2 cents	-45.5%
Total equity attributable to owners of the Company	1,085,721	1,070,670 [†]	+1.4%
Equity attributable to owners of the Company per share	HK\$5.16	HK\$5.09 [†]	+1.4%

[†] figure as at 28 February 2014 (audited)

BUSINESS HIGHLIGHTS

- Consolidated sales turnover for the first half of the 2014/2015 financial year (“the First Half”) decreased by 14.6% from HK\$2,129 million to HK\$1,818 million.
- Profit attributable to owners of the Company for the First Half decreased by 45.7% from HK\$47.6 million to HK\$25.8 million. Earnings per share was 12.3 HK cents.
- Six new franchised stores were opened and new e-business platforms were launched during the First Half to complement the Group’s existing sales network in Mainland China.

* For identification purpose only

RESULTS

The board of directors (the “Board”) of Tse Sui Luen Jewellery (International) Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 August 2014. The interim results for the six months ended 31 August 2014 have been reviewed by the Company’s Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED 31 AUGUST 2014

		Six months ended 31 August	
	Notes	2014 HK\$’000 (unaudited)	2013 HK\$’000 (unaudited)
Turnover	4	1,818,345	2,129,221
Cost of sales		(976,011)	(1,212,221)
Gross profit		842,334	917,000
Other income and gains		11,753	5,047
Selling and distribution expenses		(709,200)	(744,975)
Administrative expenses		(70,416)	(87,621)
PROFIT FROM OPERATIONS		74,471	89,451
Finance costs		(30,636)	(23,253)
PROFIT BEFORE TAX	5	43,835	66,198
Income tax	6	(18,048)	(18,736)
PROFIT FOR THE PERIOD		25,787	47,462
ATTRIBUTABLE TO :			
Owners of the Company		25,832	47,564
Non-controlling interests		(45)	(102)
		25,787	47,462
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	8	12.3 cents	22.6 cents

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 AUGUST 2014**

	Six months ended 31 August	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	<u>25,787</u>	<u>47,462</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent years:		
Exchange differences on translation of foreign operations	<u>(67)</u>	<u>8,317</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	<u>(67)</u>	<u>8,317</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>25,720</u>	<u>55,779</u>
ATTRIBUTABLE TO :		
Owners of the Company	<u>25,765</u>	<u>55,865</u>
Non-controlling interests	<u>(45)</u>	<u>(86)</u>
	<u>25,720</u>	<u>55,779</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 AUGUST 2014**

	Notes	At 31 August 2014 HK\$'000 (unaudited)	At 28 February 2014 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		140,408	137,927
Intangible assets		99	99
Other asset		500	500
Prepayments and deposits		43,208	46,238
Deferred tax assets		39,782	34,908
		<u>223,997</u>	<u>219,672</u>
CURRENT ASSETS			
Inventories		1,819,851	1,903,509
Trade receivables	9	159,597	180,425
Prepayments, deposits and other receivables		103,509	97,737
Tax recoverable		4,495	6,447
Pledged time deposits		57,064	1,595
Cash and cash equivalents		161,060	140,738
		<u>2,305,576</u>	<u>2,330,451</u>
CURRENT LIABILITIES			
Trade payables	10	(235,617)	(355,088)
Other payables and accruals		(270,237)	(203,348)
Gold loans	11	(28,299)	-
Interest-bearing bank and other borrowings		(527,235)	(564,231)
Convertible bonds		(12,500)	(12,500)
Dividend payable		(14,724)	-
Finance lease payables		(1,528)	(1,782)
Tax payable		(16,623)	(15,485)
		<u>(1,106,763)</u>	<u>(1,152,434)</u>
NET CURRENT ASSETS		<u>1,198,813</u>	<u>1,178,017</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,422,810</u>	<u>1,397,689</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AT 31 AUGUST 2014

	At 31 August 2014 HK\$'000 (unaudited)	At 28 February 2014 HK\$'000 (audited)
NON-CURRENT LIABILITIES		
Other payables and accruals	(6,782)	(5,207)
Convertible bonds	(285,460)	(278,389)
Finance lease payables	(1,242)	(586)
Employee benefit obligations	(17,087)	(17,087)
Deferred tax liabilities	(26,863)	(26,050)
	<u>(337,434)</u>	<u>(327,319)</u>
NET ASSETS	<u>1,085,376</u>	<u>1,070,370</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	(52,584)	(52,584)
Reserves	(1,033,137)	(1,018,086)
	<u>(1,085,721)</u>	<u>(1,070,670)</u>
Non-controlling interests	<u>345</u>	<u>300</u>
TOTAL EQUITY	<u>(1,085,376)</u>	<u>(1,070,370)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively) and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group's financial statements for the year ended 28 February 2014. These condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, HKASs and Interpretations).

These condensed consolidated financial statements have been prepared under historical cost convention.

These condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group's financial statements for the year ended 28 February 2014, except for the adoption of the following new and revised HKFRSs which become effective for accounting periods beginning on or after 1 March 2014 as disclosed in note 2 below.

2. Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current period's condensed consolidated financial statements:

HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HK(IFRIC) Interpretation 21	<i>Levies</i>

The adoption of the above new and revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

3. 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.

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.

3. Operating segment information (continued)

Six months ended 31 August 2014	PRC (including Hong Kong and Macau) HK\$'000 (unaudited)	Other Asia countries HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue:			
Sales to external customers	1,795,595	22,750	1,818,345
Intersegment sales	7,424	921	8,345
Other revenue	10,785	968	11,753
	1,813,804	24,639	1,838,443
<i>Reconciliation</i>			
Elimination of intersegment sales			(8,345)
			1,830,098
Segment results	74,852	(381)	74,471
<i>Reconciliation</i>			
Finance costs			(30,636)
Income tax			(18,048)
Profit for the period			25,787

3. Operating segment information (continued)

Six months ended 31 August 2013	PRC (including Hong Kong and Macau) HK\$'000 (unaudited)	Other Asia countries HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment revenue:			
Sales to external customers	2,107,892	21,329	2,129,221
Intersegment sales	17,394	2,337	19,731
Other revenue	4,963	84	5,047
	<u>2,130,249</u>	<u>23,750</u>	<u>2,153,999</u>
<i>Reconciliation</i>			
Elimination of intersegment sales			<u>(19,731)</u>
			<u>2,134,268</u>
Segment results	91,952	(2,501)	89,451
<i>Reconciliation</i>			
Finance costs			(23,253)
Income tax			<u>(18,736)</u>
Profit for the period			<u><u>47,462</u></u>

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. Profit before tax

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

	Six months ended 31 August	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of goods sold*	983,244	1,212,680
Reversal of provision for impairment of inventories	(7,233)	(459)
Depreciation	23,994	23,695
Minimum lease payments in respect of operating lease for land and buildings**	112,603	98,433
Employee benefit expense (including directors' remuneration):		
Wages, salaries and other benefits	285,089	271,650
Equity-settled share option expense	3,758	4,515
Pension scheme contributions***	4,815	4,483
	293,662	280,648
Equity-settled share option expense to service providers	252	291
Fair value gain on gold loans designated at fair value through profit or loss ****	(773)	-
Loss/(gain) on disposal of items of property, plant and equipment	28	(11)
Foreign exchange differences, net	(1,458)	(1,330)

* Cost of goods sold includes HK\$52,978,000 (2013: HK\$43,928,000) 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.

*** At 31 August 2014, there were no forfeited contributions available to the Group to reduce its contributions to pension scheme in future years (2013: Nil).

**** This amount is included in "Other income and gains" in the consolidated statement of profit or loss. The purpose of the above gold loans entered into by the Group is to manage the Group's gold price exposure. Such loans and contracts did not meet the criteria for hedge accounting.

6. 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 period. 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.

	Six months ended 31 August	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current – Hong Kong	2,943	2,291
Current – Other than Hong Kong	19,166	15,115
Deferred	(4,061)	1,330
	<u>18,048</u>	<u>18,736</u>

7. Dividend

	Six months ended 31 August	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interim dividend of HK\$0.012 (2013: HK\$0.022) per ordinary share declared	2,524	4,627
2012/13 approved final dividend of HK\$0.07 per ordinary share	-	14,724
2013/14 approved final dividend of HK\$0.07 per ordinary share	14,724	-
	<u>17,248</u>	<u>19,351</u>

The interim dividend was not recognised as a liability as at 31 August 2014 and 2013 because it was declared after the end of the reporting period.

8. Earnings per share attributable to owners of the company

The calculation of basic earnings per share amount is based on the profit for the period attributable to owners of the Company of HK\$25,832,000 (2013: HK\$47,564,000), and the weighted average number of ordinary shares of 210,336,221 (2013: 210,336,221) in issue during the period.

No adjustment has been made to basic earnings per share amounts presented for the periods ended 31 August 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.

9. Trade receivables

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:

	At 31 August 2014 HK\$'000 (unaudited)	At 28 February 2014 HK\$'000 (audited)
Within 1 month	141,309	159,234
1 to 2 months	7,957	14,152
2 to 3 months	4,351	1,230
Over 3 months	5,980	5,809
	<u>159,597</u>	<u>180,425</u>

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. Trade receivables are non-interest-bearing in general.

10. Trade payables

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

	At 31 August 2014 HK\$'000 (unaudited)	At 28 February 2014 HK\$'000 (audited)
Within 1 month	83,277	98,315
1 to 2 months	58,647	49,114
2 to 3 months	33,322	47,106
Over 3 months	60,371	160,553
	<u>235,617</u>	<u>355,088</u>

The trade payables are non-interest-bearing.

11. Gold loans

	At 31 August 2014 HK\$'000 (unaudited)	At 28 February 2014 HK\$'000 (audited)
Secured gold loans	<u>28,299</u>	<u>-</u>
Contracted interest rate	4.6% - 4.7%	N/A
Original maturity	3 months	N/A

The amounts represented borrowings from a bank and the amounts payable are pegged with gold prices.

As at 31 August 2014, the above gold loans were secured by several pledged time deposits totalling HK\$31,747,000 as disclosed in note 12(c) below (at 28 February 2014: Nil).

Gold loans were borrowed to reduce the impact of fluctuation of gold prices on gold inventories. However, the criteria for hedge accounting were not fully met. Gold loans were designated as financial liabilities at fair value through profit or loss as they are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management and investment strategy, and information about the gold loans is provided on that basis to the Group's top management.

12. Pledge of assets

- (a) On 6 November 2013, certain fixed properties (i.e. land and buildings with aggregate carrying value at the end of the reporting period of HK\$50,557,000) in Hong Kong were mortgaged to its bank 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 bank.
- (b) On 19 December 2013, certain other fixed properties (i.e. land and buildings with aggregate carrying value at the end of the reporting period of HK\$5,842,000) in Hong Kong were mortgaged to another bank by way of a first legal charge, as security for, *inter alia*, all obligations and liabilities, actual or contingent, from time to time owing by the Group to that bank.
- (c) As at 31 August 2014, time deposits denominated in Renminbi (“RMB”) and equivalent to HK\$31,747,000 (at 28 February 2014: Nil) have been pledged to secure several gold loan contracts for gold hedging purpose. The pledged time deposits will be released upon completion of the gold loan contracts.
- (d) As at 31 August 2014, time deposits denominated in RMB and equivalent to HK\$25,317,000 (at 28 February 2014: Nil) have been pledged to secure a standby letter of credit to a bank of a subsidiary for a cross boarder treasury arrangement. This pledged time deposit will be released upon the release of the standby letter of credit issued.
- (e) As at 28 February 2014, time deposit denominated in RMB and equivalent to HK\$1,595,000 has been pledged to secure a short-term bank loan to a subsidiary in the PRC. This pledged time deposit was released during the reporting period following settlement of the relevant bank borrowings.

INTERIM DIVIDEND

The Board resolved to declare an interim dividend of 1.2 HK cents per ordinary share of the Company for the six months ended 31 August 2014 (2013: 2.2 HK cents per ordinary share) to shareholders whose names appear on the Register of Members of the Company on Friday, 21 November 2014. The interim dividend will be paid on Thursday, 27 November 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 20 November 2014 to Friday, 21 November 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim 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 Wednesday, 19 November 2014.

BUSINESS REVIEW AND PROSPECTS

Financial results

For the first half of the 2014/2015 financial year ("the First Half"), the Group's sales turnover decreased by 14.6% from HK\$2,129 million to HK\$1,818 million. This decline in sales for the First Half was mainly attributable to a large year-on-year drop in the sales of 24-karat gold products by the Group in Hong Kong due to the absence this year of the "gold rush effect" which had the effect of substantially boosting the Group's sales in the first half of last year. In addition, the Group experienced generally weaker demand from mainland tourists visiting Hong Kong during the period. Because of the reduction in the sales of 24-karat gold products and the cautious monitoring of gross margins by the Group, its overall consolidated gross margin improved from 43.1% to 46.3%. Profit attributable to owners of the Company declined by 45.7% from HK\$47.6 million to HK\$25.8 million. Earnings per share was 12.3 HK cents (2013: 22.6 HK cents per share).

Review and outlook

The sudden drop in gold price in April last year resulted in a gold rush. As a result, the sales turnover of gold dropped by 46% this year. There was weakened consumption spending of the tourists from Mainland China. The demand for higher-priced gifting items has been gradually compensated by the growth of sales for self-consumption items. As a result, the sales in Hong Kong and Macau for the period under review decreased by 24% and accounted for 61.8% turnover of the Group.

During the First Half, the Group (i) opened two new stores in Hong Kong - one in Golden Plaza in Mong Kok and the other in Castle Peak Road in Yuen Long and (ii) closed two stores following the expiry of their respective leases. While another store will be closed towards the end of this financial year, the Group will open a further two new stores – one in the Grand Century Place under the new shopping mall name of “Moko” at Mong Kok East Rail Station and the other at Causeway Bay. We will keep reviewing and strengthening our store network in Hong Kong to better serve our customers.

The Group’s Mainland China business grew by 6.7% during the First Half and accounted for 36.9% of the Group’s overall turnover. Focus has been given to the development of products for the end-user market following a decline in the gifting market and to the strengthening of middle management. The store network has been reviewed and certain under-performing stores have now been consolidated. The number of self-operated stores was 165 as at 31 August 2014. Six new stores were opened under the Group’s new franchising model during the First Half bringing the total number of franchised stores to 9 as at 31 August 2014. The Group will continue to look for more local business partners to facilitate a more rapid growth of the Group’s sales network in Mainland China going forward.

The Group launched its e-business platform in “T-Mall” in June 2014 as scheduled and further extended this platform to “JD.com” in August. Later this year we will be extending this platform to include the television sales channel of “HKTV Mall” operated by Hong Kong Television Network Limited. More new channels will be explored as they become available in order to complement our existing e-business platforms and the Groups brand.

The Group collaborated with the Malaysian artist Red Hong Yi, to develop a series of contemporary jewellery installation art pieces which showcased our exquisite craftsmanship perfectly blended with her works. This 2014 New Jewellery Collection Preview - (2014「光影 匠心」珠寶藝術展) was held in Beijing in June 2014 and exemplified our “Trend-setting Craftsmanship「非凡工藝 潮流演繹」” brand positioning. Guests attending the exhibition were further impressed by the Group’s passion for excellence which was demonstrated by the live viewing of our jewellery specialists working on new grand piece jewellery collections and their high quality craftsmanship.

While the ongoing slow-down in the world and Mainland China economies and political reform debate in Hong Kong have all resulted in significant uncertainty for the business environment going forward, the Group believes that these are cyclical and transient fluctuations respectively and that the demand for high quality jewellery is strongly supported by the growing affluence of Mainland China consumers. The Group continues to take a prudent yet progressive approach to investing in and enhancing its brand, product offerings, store network and human resources in order to further strengthen its core competences to meet the challenges ahead and to reap the business opportunities as and when they arise.

Finance

Capital expenditure totaled approximately HK\$26.5 million during the First Half and was mainly in respect to store renovations and expansion. This was largely funded by internal resources and borrowings.

As at 31 August 2014, the Group's total borrowings decreased slightly to HK\$856.3 million from HK\$857.5 million as at 28 February 2014. The Group's cash and bank balances were HK\$218 million as of 31 August 2014 while undrawn banking facilities were HK\$72.5 million. HK\$57.1 million of deposits were pledged to secure loans for gold hedging and for cross-boarder treasury arrangements. The Group's net borrowings decreased from HK\$715 million to HK\$638 million and its debt-to-equity ratio (ratio of total interest-bearing liabilities less cash to total equity) decreased from 67% to 59%.

Charge on group assets

- (a) On 6 November 2013, certain fixed properties (i.e. land and buildings with aggregate carrying value at the end of the reporting period of HK\$50,557,000) in Hong Kong were mortgaged to its bank 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 bank.
- (b) On 19 December 2013, certain other fixed properties (i.e. land and buildings with aggregate carrying value at the end of the reporting period of HK\$5,842,000) in Hong Kong were mortgaged to another bank by way of a first legal charge, as security for, *inter alia*, all obligations and liabilities, actual or contingent, from time to time owing by the Group to that bank.
- (c) As at 31 August 2014, time deposits denominated in Renminbi ("RMB") and equivalent to HK\$31,747,000 (at 28 February 2014: Nil) have been pledged to secure several gold loan contracts for gold hedging purposes. The pledged time deposits will be released upon completion of the gold loan contracts.
- (d) As at 31 August 2014, time deposits denominated in RMB and equivalent to HK\$25,317,000 (at 28 February 2014: Nil) have been pledged to secure a standby letter of credit to a bank of a subsidiary for a cross boarder treasury arrangement. This pledged time deposit will be released upon the release of the standby letter of credit issued.
- (e) As at 28 February 2014, time deposit denominated in RMB and equivalent to HK\$1,595,000 has been pledged to secure a short-term bank loan to a subsidiary in the PRC. This pledged time deposit was released during the First Half following settlement of the relevant bank borrowings.

Employees

As at 31 August 2014, the total number of employees of the Group was approximately 3,440 (28 February 2014: 3,500). The change was mainly due to normal staff turnover and delayed recruitment in light of the uncertain business environment.

Notwithstanding the foregoing, human resources policies, capital structure, financial policies, exposure to foreign exchange rates, capital expenditure planning, contingent liabilities and charges on Group's assets did not differ materially during the period under review from the information presented in the last annual report.

REVIEW OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the unaudited consolidated financial statements of the Group for the six months ended 31 August 2014.

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 six month ended 31 August 2014, the Company has applied the principles and complied with all of the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for the deviation of code provision A.2.1 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 period ended 31 August 2014, the roles of the Chairman and the Chief Executive Officer of the Company were performed by Ms. Yau On Yee, Annie. The Board considered that the current management structure had operated efficiently. According to the Company's practice, all major strategic decisions are taken by the Board, or relevant committee of the Board, as duly constituted.

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 Company's unaudited consolidated financial statements and interim report for the six months ended 31 August 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 six months ended 31 August 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 six months ended 31 August 2014.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2014/2015 INTERIM REPORT

The interim 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 2014/2015 Interim 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, 31 October 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