

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

T S L | 謝瑞麟

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 THE SIX MONTHS ENDED 30 SEPTEMBER 2021

FINANCIAL HIGHLIGHTS

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Turnover	1,397,778	1,177,341
Profit from operations	49,094	2,527
Profit/(loss) attributable to owners of the Company	2,690	(41,578)
Basic earnings/(loss) per share	1.1 HK cents	(16.7 HK cents)
Total equity attributable to owners of the Company	977,383	942,207 [†]
Equity attributable to owners of the Company per share	HK\$3.92	HK\$3.78 [†]

[†]figure as at 31 March 2021(audited)

BUSINESS HIGHLIGHTS

- The consolidated turnover for the six months ended 30 September 2021 increased by 18.7% period-on-period to HK\$1,397.8 million.
- Profit attributable to owners of the Company for the six months ended 30 September 2021 was HK\$2.7 million, compared to a loss of HK\$41.6 million for the same period last year.

* 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 30 September 2021 (the “Period”). The interim results for the Period have been reviewed by the Company’s audit committee (the “Audit Committee”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Six months ended 30 September	
		2021 HK\$’000 (unaudited)	2020 HK\$’000 (unaudited)
Turnover	4	1,397,778	1,177,341
Cost of sales		<u>(886,924)</u>	<u>(767,291)</u>
Gross profit		510,854	410,050
Other income and gains, net		16,531	50,679
Selling and distribution expenses		(400,528)	(387,533)
Administrative expenses		<u>(77,763)</u>	<u>(70,669)</u>
PROFIT FROM OPERATIONS		49,094	2,527
Finance costs		<u>(18,377)</u>	<u>(28,028)</u>
PROFIT/(LOSS) BEFORE TAX	5	30,717	(25,501)
Income tax expense	6	<u>(28,074)</u>	<u>(16,120)</u>
PROFIT/(LOSS) FOR THE PERIOD		2,643	(41,621)
ATTRIBUTABLE TO :			
Owners of the Company		2,690	(41,578)
Non-controlling interests		<u>(47)</u>	<u>(43)</u>
		2,643	(41,621)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	8	1.1 HK cents	(16.7 HK cents)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
PROFIT/(LOSS) FOR THE PERIOD	<u>2,643</u>	<u>(41,621)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>32,481</u>	<u>40,026</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>32,481</u>	<u>40,026</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>35,124</u>	<u>(1,595)</u>
ATTRIBUTABLE TO :		
Owners of the Company	35,176	(1,561)
Non-controlling interests	<u>(52)</u>	<u>(34)</u>
	<u>35,124</u>	<u>(1,595)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2021**

		At 30 September 2021	At 31 March 2021
	Notes	HK\$'000 (unaudited)	HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		80,033	82,469
Right-of-use assets		173,050	166,842
Intangible assets		99	99
Other asset		500	500
Prepayments and deposits		29,188	26,835
Deferred tax assets		37,987	33,985
		<hr/> 320,857 <hr/>	<hr/> 310,730 <hr/>
CURRENT ASSETS			
Inventories		1,398,164	1,224,196
Trade receivables	9	118,870	116,091
Prepayments, other receivables and other assets		145,413	172,758
Tax recoverable		3,740	10,167
Time deposits		325,310	317,656
Cash and cash equivalents		384,932	379,422
		<hr/> 2,376,429 <hr/>	<hr/> 2,220,290 <hr/>
CURRENT LIABILITIES			
Trade payables	10	(346,370)	(155,355)
Other payables and accruals		(263,273)	(281,979)
Interest-bearing bank and other borrowings		(560,202)	(560,177)
Lease liabilities		(94,819)	(97,613)
Tax payable		(24,308)	(8,840)
		<hr/> (1,288,972) <hr/>	<hr/> (1,103,964) <hr/>
NET CURRENT ASSETS		<hr/> 1,087,457 <hr/>	<hr/> 1,116,326 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 1,408,314 <hr/>	<hr/> 1,427,056 <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AT 30 SEPTEMBER 2021

		At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Other payables and accruals		(2,252)	(1,449)
Interest-bearing bank and other borrowings		(359,558)	(428,909)
Employee benefit obligations		(88)	(661)
Lease liabilities		(49,148)	(34,562)
Deferred tax liabilities		(20,188)	(19,519)
		<u>(431,234)</u>	<u>(485,100)</u>
NET ASSETS		<u>977,080</u>	<u>941,956</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	11	(62,296)	(62,296)
Reserves		(915,087)	(879,911)
		<u>(977,383)</u>	<u>(942,207)</u>
Non-controlling interests		<u>303</u>	<u>251</u>
TOTAL EQUITY		<u>(977,080)</u>	<u>(941,956)</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

These interim condensed consolidated financial statements have 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 (“HKICPA”).

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 31 March 2021. These interim 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 interim consolidated financial statements have been prepared under historical cost convention.

These interim consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group’s financial statements for the year ended 31 March 2021, except for the adoption of the following revised HKFRSs which become effective for accounting periods beginning on or after 1 April 2021 as disclosed in note 2 below.

2. Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current Period’s interim consolidated financial statements:

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Amendment to HKFRS 16

*Covid-19-Related Rent Concessions beyond
30 June 2021*

2. Changes in accounting policies and disclosures (continued)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate as at 30 September 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

2. Changes in accounting policies and disclosures (continued)

(b) (continued)

The Group has adopted the amendment on 1 April 2021 and applied the practical expedient during the period ended 30 September 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic.

3a. Operating segment information

For management purposes, the Group is organised into business units based on business nature and has four (2020: four (restated)) reportable operating segments as follows:

- (a) Retail Business (including Hong Kong, Macau, Mainland China and Malaysia);
- (b) Wholesale Business;
- (c) E-Business; and
- (d) Other Businesses.

Retail Business includes direct retail sales of jewellery products to end consumers through the physical outlets carrying the trademark of TSL | 謝瑞麟. It also includes the service fee income received from provision of retail management services to other retailers.

Wholesale Business includes wholesale sales of jewellery products to customers.

E-Business includes sales of jewellery products to customers on e-commerce platforms.

Other Businesses includes others.

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/(loss) before tax except that unallocated expenses, non-lease-related 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.

3a. Operating segment information (continued)

	Retail Business	Wholesale Business	E-Business	Other Businesses	Total
Six months ended					
30 September 2021	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue:					
Sales to external customers	815,561	371,424	166,775	5,898	1,359,658
Other revenue	38,120	-	-	-	38,120
	853,681	371,424	166,775	5,898	1,397,778
Segment results:	23,150	74,406	6,205	(1,772)	101,989
<i>Reconciliation:</i>					
Unallocated expenses					(56,310)
Finance costs (other than interest on lease liabilities)					(14,962)
Profit before tax					30,717
Income tax expense					(28,074)
Profit for the Period					2,643
	Retail Business	Wholesale Business	E-Business	Other Businesses	Total
Six months ended					
30 September 2020	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(restated)	(restated)	(restated)	(restated)	(restated)
Segment revenue:					
Sales to external customers	767,604	284,968	88,978	10,985	1,152,535
Other revenue	24,806	-	-	-	24,806
	792,410	284,968	88,978	10,985	1,177,341
Segment results:	(13,342)	51,874	3,930	(2,600)	39,862
<i>Reconciliation:</i>					
Unallocated expenses					(42,837)
Finance costs (other than interest on lease liabilities)					(22,526)
Loss before tax					(25,501)
Income tax expense					(16,120)
Loss for the period					(41,621)

3b. Geographical information

Revenue from external customers

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong and Macau	244,720	185,343
Mainland China	1,134,495	966,931
Other countries	18,563	25,067
	<u>1,397,778</u>	<u>1,177,341</u>

The revenue information above is based on the location of the customers.

4. Turnover

The principal activities of the Group are the manufacturing, sales and marketing of jewellery products and the provision of service. Turnover represents the sales value of jewellery products sold to customers, net of value added tax and discount, and service income. An analysis of turnover is as follows:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<i>Revenue from contracts with customers</i>		
Sales of jewellery products	1,359,658	1,152,535
Service income	38,120	24,806
	<u>1,397,778</u>	<u>1,177,341</u>

5. Profit/(loss) before tax

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of goods sold*	865,182	748,067
Provision for impairment of inventories	21,742	19,224
Depreciation of property, plant and equipment	18,482	27,329
Depreciation of right-of-use assets	51,791	80,087
Lease payments not included in the measurement of lease liabilities**	1,462	2,072
Employee benefit expense (including directors' remuneration):		
Wages, salaries and other benefits	234,404	217,355
Pension scheme contributions***	2,692	2,804
	237,096	220,159
Impairment of property, plant and equipment	-	1,263
Impairment of right-of-use assets	29,584	4,526
Loss on disposal of items of property, plant and equipment	635	542
Government grants and rent concessions related to COVID-19	(11,786)	(43,119)
Foreign exchange differences, net	2,605	(703)

* Comprising cost of sales in the interim consolidated statement of profit or loss and includes HK\$45,604,000 (2020: HK\$41,584,000) relating to employee benefit expense, depreciation on property, plant and equipment and right-of-use assets, which are also included in the respective type of expenses disclosed separately above.

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

*** At 30 September 2021, there were no forfeited contributions available to the Group to reduce its contributions to pension scheme in future years (30 September 2020: Nil).

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current – Hong Kong	13,806	2,425
Current – Other than Hong Kong	17,846	11,157
Deferred	(3,578)	2,538
	<u>28,074</u>	<u>16,120</u>

7. Dividend

The Board resolved not to declare any interim dividend for the six months ended 30 September 2021 (2020: Nil).

8. Earnings/(loss) per share attributable to owners of the Company

The calculation of basic earnings/(loss) per share amount is based on the profit for the Period attributable to owners of the Company of HK\$2,690,000 (2020: loss attributable to owners of the Company: HK\$41,578,000), and the weighted average number of ordinary shares of 249,182,030 (30 September 2020: 249,182,030) in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 September 2021 and 2020.

9. Trade receivables

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Trade receivables	132,927	129,887
Impairment	(14,057)	(13,796)
	<u>118,870</u>	<u>116,091</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 for other customers. Trade receivables are non-interest-bearing in general.

An ageing analysis of the trade receivables as at the end of the Period, based on the invoice date and net of loss allowance, is as follows:

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Within 1 month	110,545	113,962
1 to 2 months	5,572	1,495
2 to 3 months	592	269
Over 3 months	2,161	365
	<u>118,870</u>	<u>116,091</u>
Total trade receivables	<u>118,870</u>	<u>116,091</u>

10. Trade payables

An ageing analysis of the trade payables as at the end of the Period, based on the invoice date, is as follows:

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Within 1 month	101,544	78,539
1 to 2 months	92,479	35,257
2 to 3 months	40,003	22,367
Over 3 months	112,344	19,192
	<u>346,370</u>	<u>155,355</u>
Total trade payables	<u>346,370</u>	<u>155,355</u>

The trade payables are non-interest-bearing.

11. Share capital

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Authorised: 1,500,000,000 ordinary shares of HK\$0.25 each	<u>375,000</u>	<u>375,000</u>
Issued and fully paid: 249,182,030 (31 March 2021: 249,182,030) ordinary shares of HK\$0.25 each	<u>62,296</u>	<u>62,296</u>

12. Pledge of assets

- (a) The Group entered into banking facility arrangements with banks pursuant to which the Group's land and buildings in Hong Kong with an aggregate carrying value as at 30 September 2021 of HK\$71,513,000 (31 March 2021: HK\$72,768,000) were mortgaged 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 those banks.
- (b) As at 30 September 2021, time deposits of the Group denominated in Renminbi equivalent to approximately HK\$325,310,000 (31 March 2021: HK\$317,656,000) have been pledged to secure for standby letters of credit relating to a cross border treasury arrangement.

13. Comparative figures

Certain comparative figures have been reclassified to conform with the current Period's presentation.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 September 2021 (for the six-month period ended 30 September 2020: Nil).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overall Financial Results

The Group's turnover for the Period increased by 18.7% to HK\$1,397.8 million from HK\$1,177.3 million for the six-month period ended 30 September 2020. The profit attributable to owners of the Company for the Period is HK\$2.7 million as compared to the loss attributable to owners of HK\$41.6 million for the six-month period ended 30 September 2020. The earnings per share attributable to owners of the Company for the Period is 1.1 HK cents (loss per share attributable to owners of the Company for the six-month period ended 30 September 2020: 16.7 HK cents).

The COVID-19 pandemic has raged across the globe for almost two years and has dominated our daily lives as well as the local and world economy. Countries were striving to contain the viral spread and eradicate the novel coronavirus. The "zero COVID" policy adopted by Mainland China has enabled it to outperform many other countries in the rapid and effective control of the pandemic and has contributed to a swift economic recovery. Stimulus measures announced by the Hong Kong and Macau Governments have boosted local consumer sentiment and helped restore some of the sales loss under travel restrictions. At the same time, the COVID-19 infection rate in Malaysia has been one of the highest among its neighboring countries. Social-distancing restrictions such as Movement Control Order and lockdowns of cities have been unavoidable.

Challenges presented by the ever changing pandemic lead to fundamental changes in people's social, working and consumer behavior. The steady and increasing adoption of digital technologies helped individuals and businesses alleviate the impact of the pandemic. Considering the ease and convenience of online shopping that consumers have grown accustomed to during this difficult time, the Group has started to provide our customers a seamless online and offline shopping experience and offer a diversified mix of products for future growth. The Group will also continue to allocate resources to its online platforms while designing stylish and elegant jewellery accessories in order to reaffirm its brand positioning of "Trendsetting Craftsmanship" and to extend its market penetration.

To overcome such difficult and strenuous times, the Group will continue to make an effort to implement various cost-effective measures, including persistent negotiations with landlords for rent deduction and more favorable lease renewal terms and conditions, and to seize online business opportunities so as to partially offset the negative impacts of the pandemic.

Review and Outlook

Retailing Business

Hong Kong and Macau

With the gradual stabilization of the COVID-19 situation in both Hong Kong and Macau, the retail sales in these regions have been gradually recovering yet still below the pre-pandemic levels during the Period. In view of the limited number of visitors and the closed-border policies, retailers have shifted their focus to attract and retain the local customers. With the aid of the first batch of Consumption Voucher Scheme launched by the Hong Kong Government in August 2021, local consumer sentiment has improved. The optimized plan for consumption benefits launched in 2021 by the Macau Government contributed to the boost of local sales and local consumption in Macau. During the Period, the turnover of the Group's Hong Kong and Macau retail businesses increased by 36.8%. Same store sales growth of 40.7% was recorded for the Group's stores in these regions.

The Group has developed a new shop model named "DUO by TSL" to target couples and the first concept store opened at Tsim Sha Tsui in November 2021 to create a one-of-a-kind exclusive experience for celebrating their love with beautiful, distinctive and memorable jewellery. The Group will step up its strategic promotional effort to capture domestic sales while implementing stringent cost control measures to maximize profitability.

Mainland China

Retail business in Mainland China has always been one of the key drivers of the Group's growth and performance and accounted for more than 40% of the Group's turnover during the Period. Despite that China's economy has impressively recovered to its pre-pandemic level, this recovery has occasionally faltered due to the implementation of stringent social restrictions to fight specific COVID-19 outbreaks and severe weather events in several cities, which hindered the fast recovery of the retail industry. Nevertheless, the Group managed to contain the downside to a slight decrease in turnover and same-store sales growth during the Period.

The Group also exercised a cautious approach to the expansion of its retail store network during this uncertain time by only increasing its total number of stores in Mainland China from 450 to 454 (comprising 178 self-operated stores and 276 franchised stores) during the Period. To bring a breath of fresh air to our brand novelty, a unique lifestyle store designed for "TSL TOSI", a new shop model targets at the youth segment, has been opened in Suzhou, Mainland China. This first concept store has been warmly received by local customers since its opening in September 2021. As another growth engine by capturing the boom in gold demand in Mainland China, we have been increasing our gold products inventories to grasp the opportunities. The Group will continue to closely monitor the retail market development while optimizing our store portfolio to better serve our customers.

Malaysia

Since the implementation of the nationwide Movement Control Order in Malaysia in March 2020, our 6 retail outlets were required to close at intervals in accordance with the COVID-19 pandemic continued to unfold across the different states in Malaysia. Adding hardships to the tough operating environment, the nationwide lockdown in June 2021 banned all non-essential stores, including jewellery retailing from operation and caused irreparable loss to our retail business in Malaysia. Albeit the adverse economic situation, the Group managed to contain its loss, registering a decrease of 27.1% in turnover for the Period.

Wholesale Business

The expansion in Mainland China through franchising is one of the Group's ongoing pursuits. In view of the speedy economic recovery in Mainland China, we have cooperated with brilliant business partners who share common values to extend our franchised store sales network with due care and caution. During the Period, 37 new franchised stores were opened, brought the total number of franchised stores to 276. The Group is looking forward to maintaining our shop opening momentum in Mainland China in the coming years.

E-Businesses

During the Period, we took the chance to revamp our Mainland official eShop to enhance customer experience and to capitalize the business opportunities arisen from the global online shopping trend. The products assortment available on our eShops (including marketplace) were enhanced to provide a wider diversity of gold and jewellery accessories for our customers. Through organized key online holiday promotional campaigns on major marketplace and increased collaborations with reputable KOLs in China, the Group has reached target audience in new demographics and gained more attention from consumers.

During the Period, the remixed assortments of products and the festive promotions have improved our effectiveness and contributed significantly to our e-business performance, leading to an increase of 87.4% in turnover during the Period. The Group will continue to invest in the sector and maintain close relationships with our e-commerce partners to maximize the return.

Financial Structure

Capital expenditure, comprising mainly store renovation, furniture & fixtures and machinery, incurred during the Period amounted to HK\$15.6 million (for the six-month period ended 30 September 2020: HK\$8.7 million), and was mainly financed by borrowings and funds generated from internal resources.

As at 30 September 2021, the Group's total interest-bearing liabilities decreased from HK\$989.1 million as at 31 March 2021 to HK\$919.8 million, including current interest-bearing bank and other borrowings of HK\$560.2 million and non-current interest-bearing bank and other borrowings of HK\$359.6 million. Net borrowings (total interest-bearing liabilities less cash and cash equivalents and time deposits) decreased from HK\$292.0 million (as at 31 March 2021) to HK\$209.5 million.

Internally generated funds and borrowings have mainly been applied during the Period to finance the enhancement of the Group's inventory and capital expenditure incurred.

As at 30 September 2021, the net gearing ratio (the ratio of total interest-bearing liabilities (less cash and cash equivalents and time deposits) to total equity) decreased to 21.4% (as at 31 March 2021: 31.0%). All borrowings of the Group are denominated in Hong Kong dollars. Interest on bank borrowings is calculated on either the inter-bank interest rate or the prime rate or the benchmark interest rate.

As at 30 September 2021, the Group had time deposits, cash and bank balances of HK\$710.2 million, mostly denominated in Hong Kong dollars, Renminbi and United States dollars, which, in the opinion of the directors of the Company, is sufficient to meet the Group's present working capital requirements.

Exchange Rates

During the Period, the transactions of the Group were mainly denominated in Hong Kong dollars, Renminbi and United States dollars. Renminbi is not a freely convertible currency and any significant exchange rate fluctuation of Renminbi may have financial impacts on the Group. The Board believes that such foreign exchange exposure is manageable by using natural hedges that arise from holding assets and liabilities denominated in the same foreign currencies, and that the Group's exposure to foreign exchange fluctuation remains minimal. We will continue to closely monitor the Group's foreign exchange position.

Charge on Group Assets and Contingent Liabilities

Charge on the Group's assets during the Period is disclosed in note 12 to this interim results announcement. The Group did not have any material contingent liabilities which have not been provided for in the financial statements as at 30 September 2021 (as at 31 March 2021: Nil).

Human Resources

As at 30 September 2021, the total number of employees of the Group was 2,354 (as at 30 September 2020: 2,564). The change was mainly due to the streamlining of the Group's manpower structure with due regard to the market conditions. There were no major changes in human resources policies.

The Company offers competitive remuneration packages including salary, allowances, and discretionary bonus. Employees are rewarded on a performance basis with reference to market rates. To provide incentive or rewards to the employees, the Company has adopted a share option scheme since 2016. Other employee benefits include medical cover and subsidies for job-related continuing education. Retail frontline staff are provided with formal on-the-job training by internal senior staff and external professional trainers. There are discussion forums and in-house seminars for experience sharing.

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

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 Period, 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 to the Listing Rules, except for the deviation of code provision A.2.1 of the CG Code as expressly stated below.

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, 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 has reviewed the Company's unaudited consolidated financial statements and interim report for the Period, including the accounting principles and practices adopted by the Group, and discussed with management regarding auditing, risk management and internal control, and financial reporting matters.

At the request of the Audit Committee, Messrs. Ernst & Young, the auditor of the Company (the “Auditor”), has performed certain agreed-upon procedures on the Group’s interim condensed consolidated financial statements for the Period in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information”.

The agreed-upon procedures were performed solely to assist the Audit Committee to review the interim results of the Group for the Period. As the agreed-upon procedures did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA, the Auditor does not express any assurance on the interim results of the Group. The Audit Committee has reviewed with the management of the Company the consistency of accounting policies adopted by the Group in preparing this interim financial information and the relevant disclosures made in accordance with the requirements of HKAS 34 and Appendix 16 to the Listing Rules.

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 Period.

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

Hong Kong, 23 November 2021

At the date of this announcement, the Board comprises:

Executive Directors:

Ms. YAU On Yee, Annie

Ms. NG Yi Kum, Estella

Independent Non-executive Directors:

Mr. CHUI Chi Yun, Robert

Mr. CHAN Yue Kwong, Michael

Mr. CHOW Chee Wai, Christopher