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T S L 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

Discloseable and connected transaction

**Acquisition of minority interests in
Tse Sui Luen Investment (China) Limited
and
Infinite Assets Corp.**

Summary:

The directors of TSL announce that, through its wholly-owned subsidiary, Liberty Mark, TSL has agreed to acquire from Best Accurate an approximate 19.54% shareholding interest in each of TSL China and IAC. As TSL already indirectly holds the balance of the shares in each of these companies, completion of the Share Acquisition will result in each of TSL China and IAC becoming indirect, wholly-owned subsidiaries of TSL.

The proposed Share Acquisition is a discloseable and connected transaction under the Listing Rules. It is connected because Best Accurate is currently a substantial shareholder of both TSL China and IAC, each of which is a non-wholly-owned subsidiary of TSL. TSL intends to apply to The Stock Exchange of Hong Kong Limited for a waiver, under rule 14A.43 of the Listing Rules, from the requirement to hold a shareholders' meeting to consider the Share Acquisition. Such an application would only be made if TSL receives written approval to the Share Acquisition from Partner Logistics Limited, which owns approximately 72.72% of the issued shares in TSL and its approval is expected by the TSL directors to be forthcoming. Partner Logistics Limited is not connected for the purposes of this transaction.

TSL will send to its shareholders a circular containing details of the Share Acquisition on or before 20 February 2012. If a waiver under rule 14A.43 of the Listing Rules is not granted, TSL will convene and hold a shareholders' meeting to approve the Share Acquisition and the circular will contain a notice of such shareholders' meeting.

* For identification purposes only

The Share Acquisition

On 30 January 2012, TSL's wholly owned subsidiary, Liberty Mark, entered into the SPA pursuant to which Liberty Mark agreed to purchase, and Best Accurate agreed to sell, an approximate 19.54% shareholding in each of TSL China and IAC, as owned by Best Accurate.

Details of the SPA and the Share Acquisition are set out below:

Parties: Liberty Mark, as purchaser

Best Accurate, as vendor

Other Parties: TSLJ
Mr. Qi Jian Hong
TSL China
IAC

Interest to be acquired: 1,341 A shares in TSL China and 54,183 A shares in IAC representing approximately 19.54% of the issued shares in TSL China and IAC, respectively.

Completion Date: The later of:

- (a) 29 February 2012; or
- (b) the date of satisfaction of the last of the conditions to be fulfilled under the SPA, including but not limited to, the approval of the shareholders or independent shareholders of TSL.

Consideration: HK\$150,000,000, attributable as to HK\$149,999,999 for the 1,341 A shares in TSL China and as to HK\$1 for the 54,183 A shares in IAC.

Terms of payment: The consideration is payable in cash in the following instalments:

- (a) HK\$20,000,000 was paid on the date of the SPA;
- (b) HK\$10,000,000 will be payable upon completion of the Share Acquisition;
- (c) HK\$30,000,000 will be payable on 29 June 2012;
- (d) HK\$30,000,000 will be payable on 28 September 2012; and
- (e) HK\$60,000,000 will be payable on 31 December 2012.

Instalments (c), (d) and (e) will carry interest from the Completion Date until the date of payment at the prime rate of Hong Kong and Shanghai Banking Corporation, as published from time to time.

Following completion of the Share Acquisition:

- (1) Liberty Mark will hold 1,341 A shares and 5,521 B shares and TSLJ will hold 1 B share in TSL China;
- (2) Liberty Mark will hold 54,183 A shares and 223,070 B shares and TSLJ will hold 1 B share in IAC; and
- (3) TSL China and IAC will become indirect, wholly-owned subsidiaries of TSL.

Information on TSL, Best Accurate and others

TSL and its subsidiaries are principally engaged in the manufacturing, design, export and retailing of jewellery products. TSL China is an operating subsidiary of TSL through which TSL conducts its business in China. TSL China is engaged in the sale of platinum, gold and gemstone jewellery via retail outlets in China under license from TSL. In addition, TSL China and its subsidiaries also process platinum, gold and gemstone jewellery for sale in China. IAC was previously used by TSL to conduct its retail business in China. It is now essentially dormant.

TSL China has an issued share capital of US\$6,863 divided into 1,341 A shares and 5,522 B shares. Prior to completion of the Share Acquisition, TSL, through Liberty Mark and TSLJ, holds in aggregate 5,522 B shares, representing approximately 80.46% of the issued shares in TSL China. Best Accurate owns 1,341 A shares, representing approximately 19.54% of the issued shares in TSL China.

IAC has an issued share capital of HK\$277,254 divided into 54,183 A shares and 223,071 B shares. Prior to completion of the Share Acquisition, TSL, through Liberty Mark and TSLJ, holds in aggregate 223,071 B shares, representing approximately 80.46% of the issued shares in IAC. Best Accurate owns 54,183 A shares representing approximately 19.54% of the issued shares in IAC.

Best Accurate is a private company wholly owned by Mr. Qi Jian Hong who is a director of TSL China and IAC. On completion of the Share Acquisition, Mr. Qi will resign as a director of each of TSL China, IAC and their subsidiaries as applicable. However, the TSL group of companies will continue to have an ongoing business relationship with Mr. Qi and companies controlled by him as regards the licence to operate stores in Beijing under the Tse Sui Luen name (the details of which are set out in the circular dated 6 November 2003). Save as disclosed, Best Accurate does not have any other relationships with TSL and or its subsidiaries.

Mr. Qi is a director of TSL China and IAC and his associate Best Accurate is currently a substantial shareholder of both TSL China and IAC, each of which is a non-wholly-owned subsidiary of TSL, meaning that both Mr. Qi and Best Accurate are connected persons of TSL.

Financial information on TSL China and IAC

	For the year ended 28 February	
	2011 <i>HK\$ million</i>	2010 <i>HK\$ million</i>
TSL China		
Net assets attributable to equity holders	614	477
Net Profit after taxation and extraordinary items	119	129
IAC		
Net deficits attributable to equity holders	(8)	(32)
Net Profit after taxation and extraordinary items	22	0.5

Reasons for, and benefits of, the Share Acquisition

The directors of TSL believe that the jewellery retail market in China offers good growth potential. As part of its plan to expand into China, TSL believes that it is in its interest to increase its shareholding interest in TSL China and IAC by way of the Share Acquisition. TSL currently has 179 retail outlets in China, and 28 in Hong Kong, Macau and Malaysia. The directors of TSL believe that the Share Acquisition will complement TSL's plan to expand its retail business in China. For the year ended 28 February 2011, TSL China and IAC posted a combined audited profit after taxation attributable to equity holders of HK\$141 million. The combined net assets attributable to equity holders of TSL China and IAC as at that date amount to HK\$606 million. The consideration of HK\$150 million for a 19.54% stake in each of TSL China and IAC represents a combined price to earnings multiple of 5.4 times, or a combined price to book ratio of 1.3 times.

The consideration for the Share Acquisition was determined after (i) an arm's length negotiation and with reference to the operating performance and net assets of TSL China and IAC as described above (ii) the assessment of the future prospects of TSL China and IAC and (iii) the operational and financial efficiencies that will be derived by TSL from attaining complete control over its retail operations in Mainland China. TSL will pay the consideration by using its internal resources and borrowings.

Taking into account the benefits of the Share Acquisition described above, the directors of TSL believe that the Share Acquisition including its consideration and payment method are fair and reasonable and in the interests of TSL's shareholders as a whole.

Independent advice

The board of directors of TSL has established an independent board committee comprising all the independent non executive directors of TSL to provide its views to the independent shareholders in respect of the Share Acquisition. An independent financial adviser will be appointed to advise the independent board committee on the merits of the Share Acquisition.

Implications under the Listing Rules

The Share Acquisition constitutes a discloseable and connected transaction within the meaning of the Listing Rules. Best Accurate is a connected person within the meaning of the Listing Rules as it is a substantial shareholder of both TSL China and IAC, each of which is a non-wholly-owned subsidiary

of TSL. The Share Acquisition is subject to the announcement, reporting and shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

TSL intends to apply to The Stock Exchange of Hong Kong Limited for a waiver, under rule 14A.43 of the Listing Rules, from the requirement to hold a shareholders' meeting to consider the Share Acquisition. Such an application would only be made if TSL receives written approval to the Share Acquisition from Partner Logistics Limited, which owns 152,960,914 shares in TSL representing approximately 72.72% of the issued shares in TSL. Partner Logistics Limited is a company controlled by Mr. Tse Tat Fung, Tommy, and is not connected for the purposes of this transaction. The TSL directors would expect Partner Logistics Limited's approval to be forthcoming. So far as the TSL directors are aware, none of the shareholders of TSL has any interest in the Share Acquisition that is different from other shareholders and no shareholder is required to abstain from voting in respect of the Share Acquisition.

TSL will send to its shareholders a circular containing further details of the Share Acquisition on or before 20 February 2012. If a waiver under rule 14A.43 of the Listing Rules is not granted, TSL will convene and hold a shareholders' meeting to approve the Share Acquisition and the circular will contain a notice of such shareholders' meeting.

Definitions

In this announcement the following words have the following meanings unless the context requires otherwise:

“Best Accurate” Best Accurate International Limited, a company incorporated in the British Virgin Islands and which owns an approximate 19.54% equity interest in each of TSL China and IAC prior to completion of the Share Acquisition;

“IAC” Infinite Assets Corp., a subsidiary of TSL and which is owned as to approximately 80.46% indirectly by TSL (via Liberty Mark and TSLJ) and approximately 19.54% by Best Accurate prior to completion of the Share Acquisition;

“Liberty Mark” Liberty Mark Limited, a wholly-owned subsidiary of TSL and which owns approximately 80.46% equity interests in each of TSL China and IAC prior to completion of the Share Acquisition;

“Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Share Acquisition” the proposed acquisition by Liberty Mark of 1,341 A shares in TSL China and 54,183 A shares in IAC owned by Best Accurate;

“SPA” the sale and purchase agreement dated 30 January 2012 entered into by and between Liberty Mark, Best Accurate, TSLJ, Mr. Qi Jian Hong, TSL China and IAC relating to the Share Acquisition;

“TSL” Tse Sui Luen Jewellery (International) Limited (stock code: 417), a company incorporated in Bermuda with limited liability whose shares are listed on The Stock Exchange of Hong Kong Limited;

- “TSL China”** Tse Sui Luen Investment (China) Limited, a subsidiary of TSL and which is owned as to approximately 80.46% indirectly by TSL (via Liberty Mark and TSLJ) and approximately 19.54% by Best Accurate prior to completion of the Share Acquisition;
- “TSLJ”** Tse Sui Luen Jewellery Company Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of TSL. It owns 1 B share in each of TSL China and IAC.

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

At the date of this announcement, the board of directors of TSL comprises:

Executive Directors:

Ms. YAU On Yee, Annie
Mr. Erwin Steve HUANG
Mr. LAI Tsz Mo, Lawrence

Independent Non-executive Directors:

Mr. CHUI Chi Yun, Robert
Mr. HENG Ching Kuen, Franklin
Mr. CHAN Yue Kwong, Michael

Hong Kong, 30 January 2012