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 2025

FINANCIAL HIGHLIGHTS

	Six months ended 30 September	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Turnover	**731,869**	864,392
Loss from operations	**(10,115)**	(1,257)
Loss attributable to owners of the Company	**(35,289)**	(43,790)
Basic loss per share	**(14.2 HK cents)**	(17.6 HK cents)
Total equity attributable to owners of the Company	**333,616**	354,025†
Equity attributable to owners of the Company per share	**HK$1.34**	HK$1.42†

†*figure as at 31 March 2025 (audited)*

BUSINESS HIGHLIGHTS

- Shop closures continued for improving operational efficiency and financial performance of self-operated stores.
- Same store sales growth improved.
- Significant cost saving achieved though one-off restructuring cost still incurred.
- Product assortment keeps improving and becomes more 24-karat gold oriented.
- Franchised store network continued to grow steadily.
- Banking facilities of HK$496 million has been extended for a further term of 3 years (subject to conditions in the amended and restated facilities agreement being met).

* *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 2025 (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 2025

	Notes	Six months ended 30 September	
		2025	2024
		HK$'000	HK$'000
		(unaudited)	(unaudited)
Turnover	3	**731,869**	864,392
Cost of sales		**(503,977)**	(567,456)
Gross profit		**227,892**	296,936
Other income and (losses)/gains, net		**(8,706)**	12,418
Selling and distribution expenses		**(171,982)**	(246,423)
Administrative expenses		**(57,319)**	(64,188)
LOSS FROM OPERATIONS		**(10,115)**	(1,257)
Finance costs		**(21,498)**	(38,680)
LOSS BEFORE TAX	5	**(31,613)**	(39,937)
Income tax expense	6	**(3,706)**	(3,847)
LOSS FOR THE PERIOD		**(35,319)**	(43,784)
ATTRIBUTABLE TO:			
Owners of the Company		**(35,289)**	(43,790)
Non-controlling interests		**(30)**	6
		(35,319)	(43,784)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted (HK cents)	8	**(14.2)**	(17.6)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

	Six months ended 30 September	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
LOSS FOR THE PERIOD	**(35,319)**	(43,784)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**14,876**	23,355
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**14,876**	23,355
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(20,443)**	(20,429)
ATTRIBUTABLE TO:		
Owners of the Company	**(20,403)**	(20,470)
Non-controlling interests	**(40)**	41
	(20,443)	(20,429)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025

	Notes	**As at 30 September 2025 HK$'000 (unaudited)**	As at 31 March 2025 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**104,977**	112,959
Investment properties		**129,117**	140,117
Right-of-use assets		**93,356**	92,491
Intangible assets		**99**	99
Other asset		**500**	500
Prepayments and deposits		**7,752**	10,357
Deferred tax assets		**10,669**	10,702
		346,470	367,225
CURRENT ASSETS			
Inventories		**1,051,737**	1,044,023
Trade receivables	9	**22,780**	38,188
Prepayments, other receivables and other assets		**37,761**	42,475
Tax recoverable		**2,685**	2,599
Pledged time deposits		**7,045**	58,309
Cash and cash equivalents		**89,393**	129,378
		1,211,401	1,314,972
CURRENT LIABILITIES			
Trade payables	10	**(289,334)**	(307,866)
Other payables and accruals		**(190,644)**	(188,770)
Gold loan		**–**	(10,963)
Interest-bearing bank borrowings		**(617,605)**	(677,503)
Lease liabilities		**(36,722)**	(49,069)
Tax payable		**(4,226)**	(2,133)
		(1,138,531)	(1,236,304)
NET CURRENT ASSETS		**72,870**	78,668
TOTAL ASSETS LESS CURRENT LIABILITIES		**419,340**	445,893

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 30 SEPTEMBER 2025

	As at 30 September 2025 HK$'000 (unaudited)	As at 31 March 2025 HK$'000 (audited)
NON-CURRENT LIABILITIES		
Other payables and accruals	**(902)**	(1,261)
Interest-bearing bank borrowings	**(52,044)**	(43,168)
Employee benefit obligations	**(1,120)**	(1,326)
Lease liabilities	**(14,656)**	(25,348)
Deferred tax liabilities	**(17,839)**	(21,568)
	(86,561)	(92,671)
NET ASSETS	**332,779**	353,222
EQUITY		
Share capital	**62,296**	62,296
Reserves	**271,320**	291,729
Equity attributable to owners of the Company	**333,616**	354,025
Non-controlling interests	**(837)**	(803)
TOTAL EQUITY	**332,779**	353,222

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

These condensed consolidated interim 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 "**Listing Rules**" and the "**Stock Exchange**", 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 issuance of the Group's financial statements for the year ended 31 March 2025. These condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRS Accounting Standards.

These condensed consolidated interim financial statements have been prepared under historical cost convention, except for investment properties and gold loan which have been measured at fair value.

These condensed consolidated interim 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 2025, except for the adoption of the amended HKFRS Accounting Standards which become effective for accounting periods beginning on or after 1 April 2025 as disclosed in note 2 below.

The Group incurred a loss of HK$35.3 million during the period ended 30 September 2025, and as of 30 September 2025 the Group had cash and bank balances (including pledged time deposits) of HK$96.4 million while total interest-bearing bank borrowings amounted to HK$669.6 million of which HK$617.6 million was classified as current liabilities. The jewellery industry has continued to experience a downward trend mainly contributed by significant decline in consumer demand for natural diamond jewellery especially in the Mainland market. Further, the Group also breached certain financial covenants for some of the bank borrowings and banking facilities. However, the Group and the respective banks either entered into an amended and restated facilities agreement or the Group has obtained waivers from the related bank in November 2025.

In view of the above circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures have been undertaken to mitigate the liquidity pressure and to improve the financial position of the Group:

(a) The Group continues to transform its business model (especially in the Mainland market) and restructure the store network to improve the sales;

(b) The Group actively manages the inventory to an optimal level by monitoring market demands, thereby minimizing carrying excess stock while preventing shortages;

(c) The Group has implemented various cost control strategies, such as streamlining organization functions by relocating staff resources and substantially reducing staff headcount; and

(d) The Group will continue to closely monitor its compliance with financial covenants for banking facilities and bank borrowings and will actively negotiate with banks to obtain waivers as needed in order to avoid banks from requesting immediate repayment of any outstanding bank borrowings drawn under the banking facilities, such that the facilities and bank borrowings will continue to be available to the Group. The Group will also proactively engage in discussions with banks to negotiate renewal of banking facilities with more favourable financial covenants.

1. Basis of preparation (continued)

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 September 2025. In the opinion of the directors of the Company, taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations and commitments as and when they fall due for a period of not less than twelve months from 30 September 2025. Accordingly, the directors of the Company consider that it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these condensed consolidated interim financial statements.

2. Changes in accounting policies and disclosures

The Group has adopted the following amended HKFRS Accounting Standards for the first time for the current Period's financial statements.

Amendments to HKAS 21	*Lack of Exchangeability*

The nature and impact of the amended HKFRS Accounting Standards are described below:

Amendments to HKFRS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the condensed consolidated interim financial statements.

3. 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	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Sales of jewellery products	**674,856**	817,905
Service income	**57,013**	46,487
	731,869	864,392

4. Operating segment information

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

(a) Retail Business (including Hong Kong, Macau, Mainland 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 trademarks of TSL | 謝瑞麟, DUO by TSL and TSL TOSI. It also includes the service fee income received from the provision of retail management services to other retailers.

Wholesale Business includes wholesale sales of jewellery products to customers, including franchisees.

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

Other Businesses include 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 loss before tax except that unallocated expenses, fair value loss on gold loan, fair value losses on investment properties and non-lease-related finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets and tax recoverable as these assets are managed on a group basis.

Segment liabilities exclude gold loan, interest-bearing bank borrowings, tax payable, deferred tax liabilities and employee benefit obligations as these liabilities are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. Operating segment information (continued)

Six months ended 30 September 2025	**Retail Business HK$'000 (unaudited)**	**Wholesale Business HK$'000 (unaudited)**	**E-Business HK$'000 (unaudited)**	**Other Businesses HK$'000 (unaudited)**	**Total HK$'000 (unaudited)**
Segment revenue					
Sales to external customers	**442,995**	**99,337**	**109,039**	**23,485**	**674,856**
Service income from external customers	**57,013**	**–**	**–**	**–**	**57,013**
	500,008	**99,337**	**109,039**	**23,485**	**731,869**
Segment results	**(26,934)**	**38,213**	**1,741**	**1,096**	**14,116**
Reconciliation:					
Unallocated expenses					**(26,091)**
Finance costs (other than interest on lease liabilities)					**(19,638)**
Loss before tax					**(31,613)**
Income tax expense					**(3,706)**
Loss for the Period					**(35,319)**

Six months ended 30 September 2024	Retail Business HK$'000 (unaudited)	Wholesale Business HK$'000 (unaudited)	E-Business HK$'000 (unaudited)	Other Businesses HK$'000 (unaudited)	Total HK$'000 (unaudited)
Segment revenue					
Sales to external customers	560,783	116,621	135,994	4,507	817,905
Service income from external customers	46,487	–	–	–	46,487
	607,270	116,621	135,994	4,507	864,392
Segment results	(26,233)	36,519	2,242	(2,327)	10,201
Reconciliation:					
Unallocated expenses					(14,876)
Finance costs (other than interest on lease liabilities)					(35,262)
Loss before tax					(39,937)
Income tax expense					(3,847)
Loss for the period					(43,784)

4. Operating segment information (continued)

Geographical information

The revenue from external customers based on the geographical location of the customers is as follows:

	Six months ended 30 September	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Hong Kong and Macau	**244,151**	236,790
Mainland	**412,355**	548,193
Other countries	**75,363**	79,409
	731,869	864,392

5. Loss before tax

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

	Six months ended 30 September	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Cost of goods sold*	**503,865**	580,903
Impairment/(reversal for impairment) of inventories	**112**	(13,447)
Depreciation of:		
Property, plant and equipment	**15,019**	15,170
Right-of-use assets	**6,842**	26,283
Lease payments not included in the measurement of lease liabilities**	**6,052**	7,317
Employee benefit expense (including directors' remuneration):		
Wages salaries and other benefits	**136,949**	171,479
Pension scheme contributions***	**2,155**	2,832
Impairment of:		
Property, plant and equipment	**–**	3,017
Right-of-use assets	**5,006**	4,583
Loss on disposal of items of property, plant and equipment	**176**	2,041
Fair value losses on investment properties	**11,000**	2,000

5. Loss before tax (continued)

* Cost of goods sold includes approximately HK$32,479,000 (30 September 2024: HK$33,088,000) relating to employee benefit expense, depreciation on property, plant and equipment and depreciation on right-of-use assets, which are also included in the respective total amounts disclosed separately above under each of these types of expenses.

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

*** As at 30 September 2025, there were no forfeited contributions available to the Group to reduce its contributions to pension scheme in future years (30 September 2024: Nil).

6. Income tax expense

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Period (2024: Nil). Taxes on profits assessable in places 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	
	2025	2024
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current – Outside Hong Kong	**7,402**	3,847
Deferred	**(3,696)**	–
Total	**3,706**	3,847

7. Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 September 2025 (2024: Nil).

8. Loss per share attributable to owners of the Company

The calculation of basic loss per share is based on the loss for the Period attributable to owners of the Company of approximately HK$35,289,000 (2024: HK$43,790,000) and the weighted average number of 249,182,030 (2024: 249,182,030) ordinary shares in issue during the Period.

The Company had no potentially dilutive ordinary shares in issue during the period ended 30 September 2025 and 2024.

9. Trade receivables

	As at 30 September 2025 HK$'000 (unaudited)	As at 31 March 2025 HK$'000 (audited)
Trade receivables	**33,640**	48,930
Less: Impairment	**(10,860)**	(10,742)
	22,780	38,188

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 based on the invoice date and net of loss allowance, is as follows:

	As at 30 September 2025 HK$'000 (unaudited)	As at 31 March 2025 HK$'000 (audited)
Within 1 month	**22,258**	37,869
1 to 2 months	**132**	–
2 to 3 months	**390**	319
	22,780	38,188

10. Trade payables

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

	As at 30 September 2025 HK$'000 (unaudited)	As at 31 March 2025 HK$'000 (audited)
Within 1 month	**159,369**	134,455
1 to 2 months	**1,739**	4,659
2 to 3 months	**3,535**	2,267
Over 3 months	**124,691**	166,485
	289,334	307,866

11. Pledge of assets

As at 30 September 2025, certain Group's property, plant and equipment, investment properties, right-of-use assets and pledged time deposits in aggregate of approximately HK$327,634,000 (31 March 2025: HK$385,148,000) were mortgaged or pledged to secure banking facilities granted to its subsidiaries.

12. Events after the Reporting Period

As at 30 September 2025, a bank loan of the Group, with its contractual maturity in November 2025, was classified as a current liability in the consolidated statement of financial position. Subsequent to the reporting date, an amended and restated facilities agreement has been formally executed. Further details are disclosed in the Company's announcement dated 14 November 2025.

As the extension arrangement was not in place as at the reporting date, it does not provide evidence of conditions that existed at the end of the reporting period and therefore does not constitute an adjusting event under HKAS 10 "Events after the Reporting Period". Accordingly, no adjustment has been made to the carrying amount or classification of the loan. The Group considers the matter to be of significance to users of the financial statements and has therefore disclosed it accordingly.

In addition, subsequent to the reporting date, the Group obtained waivers from a bank, which confirmed the waivers of certain financial covenant breaches that existed as at the end of the reporting period. The waivers were received prior to the date of authorisation of these financial statements for issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results Overview

The business environment continued to be challenging to the Group for the Period. The worldwide geopolitical tension, the persistently stagnant global economy and record-breaking gold price had greatly affected the consumers' spending behavior and market sentiment throughout the Period. The recovery of global luxury retail market, especially in the Mainland and Hong Kong, was very slow. The Group observed persistently weak demand for natural diamond jewellery products. Combined with the effect of continuous sales network adjustments through the closure of loss-making self-operated stores, the Group's turnover decreased by approximately 15.3% to HK$731.9 million for the Period, as compared to HK$864.4 million for the same period ended 30 September 2024.

In addition to the softening demand of natural diamond jewellery, the sales momentum of 24-karat gold products was impacted by the rapid rise in gold price during the Period. Despite these unfavorable factors, the Group continued to increase the 24-karat gold inventory during the Period in order to achieve optimal inventory mix that supports the current market demand. As a result, the gross profit margin dropped from 34.4% for the same period ended 30 September 2024 to 31.1% for the Period, mainly due to the increased sales mix of 24-karat gold products which carry a comparatively lower profit margin than that of gem-set jewellery.

During the Period, the Group continued with the strategic roadmap of business transformation which was started in 2023 – closing all underperforming retail stores in Hong Kong, Macau and the Mainland, expanding the franchise network in the Mainland prudently and also reduced the gem-set jewellery inventory drastically. The performance of the remaining retail stores in Hong Kong, Macau, and the Mainland showed gradual improvement. As our inventory of 24-karat gold and gem-set jewellery constituted the Group's largest asset, given the high price volatility, we diligently monitored and controlled inventory levels not only to manage risk but also to ensure alignment with our business transformation roadmap.

Moreover, the Group had implemented various cost-control measures including maintaining a very lean and efficient organizational structure through streamlining of human resources, significant reduction of staff costs and relocation of various headquarter functions from Hong Kong to the Mainland. As a result, the selling and distribution expenses and administrative expenses were substantially reduced by approximately 26.2% or HK$81.3 million during the Period, comparing to that for the same period last year.

After taking up non-cash impairment of right-of-use assets and fair value losses on revaluation of certain investment properties, amounting to HK$16.0 million in total, the Group recorded a loss attributable to owners of the Company of HK$35.3 million for the Period, as compared to a loss of HK$43.8 million for the same period last year.

Business Review

Retailing Business

Hong Kong and Macau

The total retail sales value of Hong Kong in the first nine months of 2025 continues to slightly decline compared to the same period last year. As a mix of geopolitical tensions and economic uncertainties drove gold prices to unprecedented levels, some consumers in the Mainland have recently adopted a wait-and-see attitude towards gold jeweller. Changes in the Mainland tourists' spending patterns and preferences have impacted the Group's business, as the Mainland tourists who visit Hong Kong are increasingly cost-conscious day-trippers instead of luxury shoppers. The purchasing power of customers had been found weak in the past year and was in a downward trend. Such continuing and drastic changes in the local retail landscape forced the Group to close certain underperforming retail stores in Macau during the Period to save costs and enhance operating efficiency. The Group also proactively negotiated with landlords to reduce the rental cost of active retail stores upon lease renewal.

On the contrary, for the remaining active stores including those in Macau, the Group is determined to invest in enhancing the product assortment and refreshed visual merchandising to better serve customers and maximize business opportunities. During the Period, the retail sales turnover of the shops located in Hong Kong and Macau is improving gradually compared to the same period last year. Additionally, the Group allocated resources to introduce new design products during the Period.

Looking ahead, the proactive measures taken by Hong Kong Special Administrative Region and Macau Special Administrative Region governments to promote tourism and mega events would benefit the retail sectors, though it would continue to face challenge from the change in consumption patterns of visitors and residents and economic uncertainty. The influx of the Mainland tourists to Hong Kong and Macau is expected to grow gradually, offsetting some of the negative effects from ongoing challenges over time. In the second half of 2025, the trend for the total retail sales value of Hong Kong is positive, with data showing year-on-year growth since May 2025, indicating a rebound from the same period last year. The retail sales recovery in both Hong Kong and Macau remains prudently optimistic.

The Mainland

During the Period, the Mainland's economic environment remained sluggish, characterized by weakened domestic demand and slow growth in industrial output and retail sales. The slow recovery of retail market continued to be a key challenge to the Group in the past few years. Some consumers in the Mainland adopted a wait-and-see attitude towards making a purchase decision amid economic uncertainties. Moreover, the sustained decline in the market demand for natural diamond jewellery, coupled with restrained consumer demand for 24-karat gold products amid record-breaking gold price surge, the Group's sales performance was inevitably impacted.

The Group continues its strategy to proactively streamline its self-operated store network and organizational structure during the Period. The number of self-operated stores in the Mainland was reduced from 57 as at 30 September 2024 to 27 as at 30 September 2025, resulting in a lower sales turnover compared to same period last year. The Group currently operates 366 retail stores in the Mainland, approximately 93% of which are franchised stores. The Group will continue adapting to these new market dynamics and progressively expand its franchised store network. Moreover, the Group has been reengineering its gold replenishment process and increasing gold inventory levels in all self-operated stores. Meanwhile, its vast franchised store network is well-positioned to serve diverse consumer preferences, offering both 24-karat gold and a robust selection of gem-set jewellery, which enables the Group to maintain a more balanced inventory mix.

The Central People's Government of the People's Republic of China ("**PRC**") seeks to assuage concerns that the broad tariffs imposed by the United States may derail efforts to shore up the economic recovery. The Central People's Government of the PRC recently introduced various measures to boost the consumer market. These measures aim to create a favourable environment for long-term consumption by enhancing households' capacity and willingness to spend. The boosting of consumption helps to expand domestic demand, which will benefit the jewellery industry, among other consumer sectors. By adopting an optimal mix of self-operated stores and franchise network expansion, strengthening brand equity, and deepening market penetration, the Group is confident that the profitability of its Mainland's retail business will continue to improve in coming years.

Malaysia

The Group's retail business in Malaysia was challenging for the Period. Malaysia has been experiencing rising living costs in recent years (fuel subsidy rationalization, food inflation, etc.), which directly affected discretionary spending – especially for non-essential items like jewellery. Moreover, Malaysian customers are more value-driven and style-conscious, preferring lightweight or minimalist designs over traditional heavy sets. The operating profits from Malaysia slightly declined during the Period. The Group currently operates 8 retail stores in Malaysia. The Group will stay the course to enhance its product assortment in the pursuit of further sales growth and brand recognition.

Wholesale Business

The wholesale revenue registered a decline in the Mainland amid the weakened demand resulting from the macro-economic uncertainties and the sustained decline in the market demand for natural diamond jewellery, which were observed industry-wide. With higher gross margins, the operating profits from the wholesale business saw an overall improvement, despite a decline in revenue. The franchise network expansion momentum remained on track, with 55 franchised stores opened in the Mainland during the Period. The Group runs a total of 339 franchised stores in the Mainland as at 30 September 2025.

Witnessing the gradual recovery of retail sector and economic growth in the Mainland, the Group will continue its commitment to transform strategically from retail-focus to a more balanced retail-and-wholesale organization and proactively collaborate with potential franchisees who are financially strong and capable of supporting the sustainable growth of the Group's franchise business in long term, so as to strengthen its market presence and brand equity in the Mainland.

The Group selects its franchisees carefully, and in considering their suitability, it takes into account a number of factors including their reputation, background, credibility, industry experience and the value of their local knowledge and expertise they are able to bring to the franchise arrangement. By adopting a franchise model, the Group is able to leverage on the local knowledge and premises of its franchisees, enabling a flexible and faster rollout strategy that requires minimal capital commitment from it.

E-Business

The Group has been focusing on the continual development of its e-business and established various comprehensive e-business platforms through ongoing enhancement of its official e-Shops and diversifying its online sales channels, especially in the Mainland. During the Period, the Group's e-business recorded a drop in sales turnover, mainly due to the transfer of one e-business platform from self-operated model to franchise model. The overall profitability was improved from the same period last year resulting from the strategy to transform strategically from retail-focus to a more balanced retail-and-wholesale organization.

Outlook

Amid a complex global environment marked by U.S. tariff policies and geopolitical tensions, the Group remains cautiously optimistic. The Central People's Government of the PRC's "dual circulation" strategy and domestic stimulus measures are expected to provide a steady, though gradual, foundation for recovery in the luxury retail sector.

Our strategic focus will remain in the Mainland market. We will deepen our presence in the Mainland through a disciplined light-asset strategy, prioritizing the expansion of our franchise network over capital-intensive self-operated stores. A key priority is to strengthen our core product offering by ensuring robust inventory levels of 24-karat gold jewellery and enhancing our innovative, diversified product portfolio through excellence in design and craftsmanship.

Maintaining an optimal capital structure and adhering to prudent financial and treasury management remain the Group's top priorities. With steadfast commitment, we are determined to turn around the business and refine its strategies to transform the whole organization to get well prepared for achieving sustainable growth in mid to long term.

Financial Structure

As at 30 September 2025, the Group's total outstanding interest-bearing bank borrowings and gold loan amounted to HK$669.6 million (31 March 2025: HK$731.6 million), which comprised mainly bank loans and trade finance facilities. All borrowings of the Group are denominated in Hong Kong dollars and Renminbi. 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 2025, the Group had pledged time deposits, cash and bank balances of HK$96.4 million (31 March 2025: HK$187.7 million), which were mostly denominated in Hong Kong dollars, Renminbi and United States dollars.

Internally generated funding and borrowings have mainly been applied during the Period to finance the enhancement of the Group's inventory mix on 24-karat gold products and capital expenditure incurred.

The Group was in a net debt position of approximately HK$573.2 million as at 30 September 2025, as compared to approximately HK$543.9 million as at 31 March 2025. As at 30 September 2025, the net gearing ratio was 172.2% (31 March 2025: 154.0%), which was calculated based on the amount of net debt position (sum of total interest-bearing bank borrowings and gold loan less cash and cash equivalents) as a percentage of total equity.

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 is of the view 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. The Group will continue to closely monitor its foreign exchange position.

Charges on Group Assets and Contingent Liabilities

Charges on the Group's assets as at 30 September 2025 is disclosed in note 11 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 2025 (31 March 2025: Nil).

Human Resources

As at 30 September 2025, the total number of employees of the Group was approximately 946 (30 September 2024: 1,138). The change was with due regard to the Group's business strategies and 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. 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.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 September 2025 (30 September 2024: Nil).

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code of the Listing Rules

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 C1 to the Listing Rules, except for the deviation of code provision C.2.1 of the CG Code as expressly stated below.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the Period, the roles of the Chairman and the Chief Executive Officer of the Company were held by Mrs. Annie Yau Tse, *JP*. 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, internal control and financial reporting matters. 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 D2 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 (including the sale of treasury shares, if any). The Company did not hold any treasury shares during the Period and up to the date of this announcement.

By order of the Board
Tse Sui Luen Jewellery (International) Limited
Annie Yau TSE
Chairman

Hong Kong, 18 November 2025

At the date of this announcement, the Board comprises:

Executive Director:
Mrs. Annie Yau TSE, *JP* (former name: Ms. Yau On Yee, Annie, *JP*)

Independent Non-executive Directors:
Mr. CHAN Yue Kwong, Michael
Mr. CHOW Chee Wai, Christopher
Mr. Alex CHAN