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 FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025; AND CHANGE OF COMPOSITION OF NOMINATION COMMITTEE

FINANCIAL HIGHLIGHTS

	Year Ended 31 March	
	2025	2024
	HK$'000	HK$'000
Turnover	1,712,297	2,654,627
Loss from operations	(92,224)	(256,929)
Loss attributable to owners of the Company	(197,752)	(374,198)
Basic loss per share	(79.4) HK cents	(150.2) HK cents
Total equity attributable to owners of the Company	354,025	553,725
Equity attributable to owners of the Company per share	HK$1.42	HK$2.22

FINAL RESULTS

The board of directors (the "**Board**") of Tse Sui Luen Jewellery (International) Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2025 (the "**Year**").

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 HK$'000	2024 HK$'000
Turnover	3	**1,712,297**	2,654,627
Cost of sales		**(1,128,784)**	(1,868,962)
Gross profit		**583,513**	785,665
Other income and gains, net	5	**2,137**	16,774
Selling and distribution expenses		**(524,091)**	(873,591)
Administrative expenses		**(153,783)**	(185,777)
LOSS FROM OPERATIONS		**(92,224)**	(256,929)
Finance costs	6	**(73,915)**	(90,893)
LOSS BEFORE TAX	7	**(166,139)**	(347,822)
Income tax expense	8	**(31,660)**	(26,524)
LOSS FOR THE YEAR		**(197,799)**	(374,346)
ATTRIBUTABLE TO:			
Owners of the Company		**(197,752)**	(374,198)
Non-controlling interests		**(47)**	(148)
		(197,799)	(374,346)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted (HK cents)	10	**79.4**	150.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	2025 HK$'000	2024 HK$'000
LOSS FOR THE YEAR	**(197,799)**	(374,346)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**–**	85,141
Remeasurement gain on defined benefit plan	**2,097**	496
Income tax effect	**(346)**	(82)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**1,751**	85,555
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(3,692)**	(51,711)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(3,692)**	(51,711)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(1,941)**	33,844
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(199,740)**	(340,502)
ATTRIBUTABLE TO:		
Owners of the Company	**(199,700)**	(340,333)
Non-controlling interests	**(40)**	(169)
	(199,740)	(340,502)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Notes	**2025**	2024
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**112,959**	138,418
Investment properties		**140,117**	151,910
Right-of-use assets		**92,491**	135,030
Intangible assets		**99**	99
Other asset		**500**	500
Prepayments and deposits		**10,357**	28,145
Deferred tax assets		**10,702**	34,518
		367,225	488,620
CURRENT ASSETS			
Inventories		**1,044,023**	1,253,246
Trade receivables	11	**38,188**	77,447
Prepayments, other receivables and other assets		**42,475**	62,325
Tax recoverable		**2,599**	5,524
Pledged time deposits		**58,309**	294,143
Cash and cash equivalents		**129,378**	179,967
		1,314,972	1,872,652
CURRENT LIABILITIES			
Trade payables	12	**(307,866)**	(337,981)
Other payables and accruals		**(188,770)**	(231,532)
Gold loan		**(10,963)**	(16,185)
Interest-bearing bank borrowings		**(677,503)**	(568,527)
Lease liabilities		**(49,069)**	(73,515)
Tax payable		**(2,133)**	(5,866)
		(1,236,304)	(1,233,606)
NET CURRENT ASSETS		**78,668**	639,046
TOTAL ASSETS LESS CURRENT LIABILITIES		**445,893**	1,127,666

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 MARCH 2025

	2025 HK$'000	2024 HK$'000
NON-CURRENT LIABILITIES		
Other payables and accruals	**(1,261)**	(1,938)
Interest-bearing bank borrowings	**(43,168)**	(491,682)
Employee benefit obligations	**(1,326)**	(3,407)
Lease liabilities	**(25,348)**	(43,412)
Deferred tax liabilities	**(21,568)**	(34,265)
	(92,671)	(574,704)
NET ASSETS	**353,222**	552,962
EQUITY		
Issued capital	**(62,296)**	(62,296)
Reserves	**(291,729)**	(491,429)
Equity attributable to owners of the Company	**(354,025)**	(553,725)
Non-controlling interests	**803**	763
TOTAL EQUITY	**(353,222)**	(552,962)

NOTES:

1. Basis of preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and gold loan which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

The Group incurred a loss for the year of HK$198 million during the Year, and as of 31 March 2025 the Group had cash and bank balances (including pledged time deposits) of HK$188 million while total interest-bearing bank borrowings amounted to HK$721 million of which HK$678 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 its bank borrowings and banking facilities for which waivers from the related banks were obtained before the end of the financial reporting period.

Subsequent to the end of the reporting period, the related banks have extended the maturity date of a principal instalment of HK$36 million from mid-May 2025 to mid-June 2025. The Group has repaid the principal instalment according to the revised timeline.

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 will actively manage 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 and terms.

1. Basis of preparation (continued)

Going concern (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 31 March 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 31 March 2025. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated 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 consolidated financial statements.

2. Changes in accounting policies and disclosures

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

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

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

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 April 2024 and 2025 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. Turnover

	2025	2024
	HK$'000	HK$'000
Revenue from contracts with customers		
Sales of jewellery products	**1,604,319**	2,562,047
Service income	**107,978**	92,580
	1,712,297	2,654,627

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, the 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 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 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.

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.

4. **Operating segment information (continued)**

	Retail Business HK$'000	Wholesale Business HK$'000	E-Business HK$'000	Other Business HK$'000	Total HK$'000
Year ended 31 March 2025					
Segment revenue					
Sales to external customers	**1,098,455**	**180,513**	**285,713**	**39,638**	**1,604,319**
Service income from external customers	**107,978**	**–**	**–**	**–**	**107,978**
	1,206,433	**180,513**	**285,713**	**39,638**	**1,712,297**
Segment results	**(70,644)**	**65,064**	**(4,039)**	**(2,100)**	**(11,719)**
Reconciliation					
Unallocated expenses					**(73,413)**
Fair value loss on gold loan					**(1,737)**
Fair value losses on investment properties					**(11,793)**
Finance costs (other than interest on lease liabilities)					**(67,477)**
Loss before tax					**(166,139)**
Income tax expense					**(31,660)**
Loss for the Year					**(197,799)**
Segment assets	**1,591,211**	**22,738**	**53,884**	**1,063**	**1,668,896**
Reconciliation					
Deferred tax assets					**10,702**
Tax recoverable					**2,599**
Total assets					**1,682,197**
Segment liabilities	**(502,251)**	**(59,467)**	**(9,097)**	**(1,499)**	**(572,314)**
Reconciliation					
Gold loan					**(10,963)**
Interest-bearing bank borrowings					**(720,671)**
Tax payable					**(2,133)**
Deferred tax liabilities					**(21,568)**
Employee benefit obligations					**(1,326)**
Total liabilities					**(1,328,975)**
Other segment information					
Depreciation of:					
Property, plant and equipment	**20,492**	**–**	**2,047**	**6,086**	**28,625**
Right-of-use assets	**47,124**	**–**	**–**	**6,674**	**53,798**
Impairment of:					
Property, plant and equipment	**13,961**	**–**	**2,354**	**336**	**16,651**
Right-of-use assets	**41,835**	**–**	**625**	**89**	**42,549**

4. **Operating segment information (continued)**

	Retail Business HK$'000	Wholesale Business HK$'000	E-Business HK$'000	Other Business HK$'000	Total HK$'000
Year ended 31 March 2024					
Segment revenue					
Sales to external customers	1,846,206	378,442	328,114	9,285	2,562,047
Service income from external customers	92,580	–	–	–	92,580
	1,938,786	378,442	328,114	9,285	2,654,627
Segment results	(216,879)	56,452	(4,498)	2,793	(162,132)
Reconciliation					
Unallocated expenses					(91,804)
Fair value loss on gold loan					(3,492)
Fair value losses on investment properties					(7,390)
Finance costs (other than interest on lease liabilities)					(83,004)
Loss before tax					(347,822)
Income tax expense					(26,524)
Loss for the Year					(374,346)
Segment assets	2,167,836	56,522	92,967	3,905	2,321,230
Reconciliation					
Deferred tax assets					34,518
Tax recoverable					5,524
Total assets					2,361,272
Segment liabilities	(609,490)	(66,986)	(11,062)	(840)	(688,378)
Reconciliation					
Gold loan					(16,185)
Interest-bearing bank borrowings					(1,060,209)
Tax payable					(5,866)
Deferred tax liabilities					(34,265)
Employee benefit obligations					(3,407)
Total liabilities					(1,808,310)
Other segment information					
Depreciation of:					
Property, plant and equipment	34,312	172	1,845	4,807	41,136
Right-of-use assets	90,072	–	–	10,460	100,532
Impairment of:					
Property, plant and equipment	36,782	–	–	–	36,782
Right-of-use assets	58,490	–	–	–	58,490

4. Operating segment information (continued)

(a) Geographical information

Revenue from external customers

	2025	2024
	HK$'000	HK$'000
Hong Kong and Macau	**485,698**	821,390
The Mainland	**1,064,620**	1,687,152
Other countries	**161,979**	146,085
	1,712,297	2,654,627

The revenue information above is based on the geographical locations of the customers.

Non-current assets

	2025	2024
	HK$'000	HK$'000
Hong Kong and Macau	**231,243**	267,785
The Mainland	**102,342**	162,675
Other countries	**15,378**	5,289
	348,963	435,749

The non-current asset information above is based on the geographical locations of the assets and excludes rental deposits and deferred tax assets.

(b) Information about major customers

The turnover from the Group's largest customer amounted to less than 10% of the Group's total turnover for the years.

5. Other income and gains, net

	2025	2024
	HK$'000	HK$'000
Interest income	**1,378**	8,671
Foreign exchange differences, net	**(7,136)**	(115)
Government grants*	**528**	2,047
Fair value loss on gold loan	**(1,737)**	(3,492)
Fair value losses on investment properties	**(11,793)**	(7,390)
Repair service income	**726**	978
Rental income	**4,296**	3,443
Gain on lease modification	**9,537**	7,434
Others	**6,338**	5,198
	2,137	16,774

* The government grants represented subsidies from municipal governments in the Mainland and the Government of Hong Kong Special Administrative Region. There were no unfulfilled conditions or contingencies relating to these subsidies.

6. Finance costs

	2025	2024
	HK$'000	HK$'000
Interest on bank loans, overdrafts and other loans	**61,099**	79,025
Interest on lease liabilities	**6,438**	7,889
Other charges	**6,832**	6,636
	74,369	93,550
Less: Interest capitalised	**(454)**	(2,657)
	73,915	90,893

7. Loss before tax

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

	2025	2024
	HK$'000	HK$'000
Cost of goods sold*	**1,142,445**	1,832,367
(Reversal of impairment)/impairment of inventories, net	**(13,661)**	36,595
Depreciation of:		
Property, plant and equipment	**28,625**	41,136
Right-of-use assets	**53,798**	100,532
Lease payments not included in the measurement of lease liabilities**	**18,981**	10,339
Impairment of:		
Property, plant and equipment (included in selling and distribution expenses)	**14,751**	33,000
Property, plant and equipment (included in administrative expenses)	**1,900**	3,782
	16,651	36,782
Impairment of:		
Right-of-use assets (included in selling and distribution expenses)	**41,749**	57,000
Right-of-use assets (included in administrative expenses)	**800**	1,490
	42,549	58,490
(Reversal of impairment)/impairment of trade receivables, net	**(971)**	301
Loss on disposal of items of property, plant and equipment	**2,296**	2,985

* Cost of goods sold includes HK$64,514,000 (2024: HK$109,340,000) relating to employee benefit expense, depreciation of property, plant and equipment and depreciation of 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.

8. 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 Year (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.

	2025	2024
	HK$'000	HK$'000
Current – Hong Kong		
Overprovision in prior years	**(2,219)**	–
Current – Outside Hong Kong	**22,760**	16,167
Deferred	**11,119**	10,357
	31,660	26,524

9. Dividends

The Board did not recommend the payment of any dividend for the Year (2024: Nil).

10. Loss per share attributable to owners of the Company

The calculation of basic loss per share is based on the loss for the Year attributable to owners of the Company of HK$197,752,000 (2024: HK$374,198,000) and the weighted average number of 249,182,030 (2024: 249,182,030) ordinary shares outstanding during the Year.

The Company had no potential dilutive ordinary shares outstanding during the years ended 31 March 2025 and 2024.

11. Trade receivables

	2025	2024
	HK$'000	HK$'000
Trade receivables	**48,930**	89,278
Impairment	**(10,742)**	(11,831)
	38,188	77,447

The Group's retail sales are normally made on a 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. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing in general.

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

	2025	2024
	HK$'000	HK$'000
Within 1 month	**37,869**	73,807
1 to 2 months	**–**	1,249
2 to 3 months	**319**	–
Over 3 months	**–**	2,391
	38,188	77,447

12. Trade payables

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

	2025	2024
	HK$'000	HK$'000
Within 1 month	**134,455**	140,167
1 to 2 months	**4,659**	21,427
2 to 3 months	**2,267**	17,745
Over 3 months	**166,485**	158,642
	307,866	337,981

13. Pledge of assets

As at 31 March 2025, certain Group's property, plant and equipment, investment properties, right-of-use assets and pledged time deposits in aggregate of approximately HK$385,148,000 (31 March 2024: HK$615,284,000) were mortgaged or pledged to secure banking facilities granted to its subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

The business environment continued to be challenging to the Group for the Year. The worldwide geopolitical tension, persisting high financing costs and record-breaking gold price had greatly affected the consumers' spending behavior and market sentiment throughout the Year. 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 over the past year. 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 35.5% to HK$1,712.3 million for the Year, as compared to HK$2,654.6 million for the year ended 31 March 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 Year. Despite these unfavorable factors, the Group continued to increase the 24-karat gold inventory during the Year in order to achieve optimal inventory mix that supports the current market demand. Moreover, the Group recorded an improvement of gross profit margin from 29.6% last year to 34.1% for the Year, resulting from the optimal sales mix of 24-karat gold and gem-set jewellery products.

During the Year, 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. Accordingly, the Group incurred an additional restructuring cost and stores closure expense of approximately HK$37 million in total during the Year.

Moreover, the Group had implemented various cost control measures including maintaining a very lean and efficient organization structure through streamlining of human resources, significant reduction of staff costs and relocation of various headquarter functions from Hong Kong to the Mainland. The selling and distribution expenses and administrative expenses were reduced substantially by approximately 36.0% or HK$381.5 million during the Year, comparing to that of last year.

The high financing cost continued to have negative impact to the profitability of the Group during the Year. After taking into account some non-cash impairment of fixed assets and right-of-use assets and fair value loss on revaluation of certain investment properties, amounting to approximately HK$71.0 million in total, the Group recorded a loss attributable to owners of the Company of HK$197.8 million for the Year, a reduction of HK$176.4 million as compared to a loss of HK$374.2 million last year.

BUSINESS REVIEW

Retailing Business

Hong Kong and Macau

The total retail sales value of Hong Kong continues to decline on a year-on-year basis, especially in the category of jewellery, watches and clocks, and valuable gifts. This was mainly resulted from the ongoing trend of northbound travel to the Mainland and outbound travel to other countries of local residents. With respect to the inbound visitors, the travel orientation has changed from shopping-focus to experiential travelling-oriented. The purchasing power of these visitors 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 Hong Kong during the Year 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.

Nevertheless, the Group remains keen and determined to invest in remaining stores, especially the flagship stores at New Town Plaza in Shatin and The Venetian Macao in Macau, by enhancing product assortment and refreshing visual merchandising with updated brand imagery to better serve customers. Additionally, the Group allocated resources to introduce new design products during the Year. Overall sales performance improved, with the increasing sales mix of complementary gem-set products.

Looking ahead, the proactive measures taken by Hong Kong 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. With the recent implementation of the "Multi-entry Visa Scheme", the influx of Mainland tourists to Hong Kong and Macau is expected to grow gradually, offsetting some of the negative effects from ongoing challenges over time. The retail sales recovery in both Hong Kong and Macau remains prudently optimistic.

The Mainland

The economic environment remained sluggish as a result of the continuing consolidation of the Mainland's property sector during the Year. The slow recovery of retail market continued to be a key challenge to the Group in the past few years. The expected positive effects from various measures recently introduced by the Central People's Government of the People's Republic of China ("**PRC**") to boost the consumer market have yet to observe. Conversely, 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, Group's sales performance was inevitably impacted.

The Group continues its strategy to proactively streamline its self-operated store network and organization structure during the Year. The number of self-operated stores was reduced significantly by 61% to 35, resulting in a lower sales turnover compared to last year. The Group currently operates 346 retail stores in the Mainland, approximately 90% 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 PRC seeks to assuage concerns that the broad tariffs recently imposed by the United States may derail efforts to shore up the economic recovery. However, the Group believes the Central People's Government will implement more policies and measures to boost domestic demand in the Mainland's retail market, and the consumer sentiment in retail sector will gradually improve. 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 remains strong with double-digit growth in both sales turnover and operating profits against that of last year. The continuous improvement in sales performance was resulted from the stable economic recovery of this country, our strong brand equity in this growing market, and the increasing domestic demand for 24 karat gold jewellery products during the Year.

The Group currently operates 8 retail stores in Malaysia, including 2 newly renovated flagship stores separately located at Elite Pavilion in Kuala Lumpur and Gurney Plaza in Penang which were re-opened in April and October 2024 respectively. The Group will stay the course to enhance its product assortment in the pursuit of further sales growth and brand recognition. Moreover, the Group will continue to realize the market potential by expanding its store network steadily at optimal locations in Malaysia.

Wholesale Business

The sales performance of the Group's wholesale business was slowed down during the Year, mainly due to a significant decline in demand for natural diamonds since the first quarter of 2024. Nevertheless, the franchise network expansion momentum remained on track, with 98 franchised stores opened during the Year, driving an encouraging double-digit growth in operating profit from franchise wholesale business compared to last year. The Group runs a total of 311 franchised stores in the Mainland as at 31 March 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 Group's franchise business in long term, so as to strengthen its market presence and brand equity in the Mainland.

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 Year, the Group's e-business recorded a mild drop in sales turnover, mainly due to the intense competition of online market as well as the planned adjustment of inventory portfolio to improve operating efficiency. The overall profitability was however improved from last year, despite a slight drop of gross profit margin resulting from the increased sales mix of 24-karat gold products and clearance of aged gem-set jewellery products.

Apart from launching of seasonal promotions and different social media advertising and marketing campaigns, the Group has enhanced its online sales penetration through cooperation with various popular e-commerce platforms in the Mainland during the Year. With continuous optimization of inventory level, adjustments of product portfolio and increasing traffic to TSL official e-Shops and TSL online flagship stores from leveraging different e-commerce platforms, the Group believes that its e-business will continue to show encouraging results through its digital landscape supported by the existing solid foundation laid.

OUTLOOK

Following the government's implementation of policies and measures to stimulate the domestic demand, especially in the Mainland and Hong Kong, the Group expects that the recovery of retail consumer market will be at times patchy with comparative slower speed in luxury retail segment. Nevertheless, the Group will continue to focus on expanding its franchise network in the Mainland with a robust mix of self-operated and franchised stores. The Group will keep enhancing its 24 karat gold jewellery assortment and inventory level in all retail stores to grasp the continuous uptrend of consumer demand. Moreover, the Group remains committed to providing an innovative and diversified product portfolio complimented by excellence in product design as well as 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 31 March 2025, the Group's total outstanding interest-bearing bank borrowings and gold loan amounted to HK$731.6 million (31 March 2024: HK$1,076.4 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 31 March 2025, the Group had pledged time deposits, cash and bank balances of HK$187.7 million (31 March 2024: HK$474.1 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 Year 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$543.9 million as at 31 March 2025, as compared to approximately HK$602.3 million as at 31 March 2024. As at 31 March 2025, the net gearing ratio was 154.0% (31 March 2024: 108.9%), 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 Year, 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

Charge on the Group's assets as at 31 March 2025 is disclosed in note 13 to this final results announcement. The Group did not have any material contingent liabilities which have not been provided for in the financial statements as at 31 March 2025 (31 March 2024: Nil).

HUMAN RESOURCES

As at 31 March 2025, the total number of employees of the Group was approximately 1,138 (31 March 2024: 1,891). 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.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the Year (2024: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 28 August 2025 to Tuesday, 2 September 2025 (both days inclusive), for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Tuesday, 2 September 2025 (the "**2025 AGM**"). During the above closure period, no transfer of shares will be registered. In order to be entitled to attend and vote at the 2025 AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Wednesday, 27 August 2025.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company had reviewed the Group's consolidated financial statements for the Year.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion have been expressed by the Company's auditors on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the Independent Auditor's Report from the auditor of the Company, Ernst & Young:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group incurred a loss for the year of HK$198 million during the year ended 31 March 2025, and as of 31 March 2025 the Group had cash and bank balances (including pledged time deposits) of HK$188 million while total interest-bearing bank borrowings amounted to HK$721 million, of which HK$678 million was classified as current liabilities. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code of the Listing Rules

During the Year, the Company had 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 clearly established and set out in writing. During the Year, the roles of the Chairman and the Chief Executive Officer of the Company were performed by Ms. Yau On Yee, Annie, *JP*. The Board considered that the current management structure had operated efficiently. According to the Company's practice, all major strategic decisions were taken by the Board, or relevant committee of the Board, as duly constituted.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Year (including the sale of treasury shares, if any). The Company did not hold any treasury shares during the Year and up to the date of this announcement.

CHANGE IN COMPOSITION OF THE NOMINATION COMMITTEE

The Board announces that Mr. Alex Chan, an Independence Non-executive Director of the Company, has been appointed as a member of the nomination committee of the Company (the "**Nomination Committee**"), with effect from 30 June 2025.

Following the above change, the Nomination Committee comprises three Independent Non-executive Directors, namely Mr. Chan Yue Kwong, Michael (chairman of the Nomination Committee), Mr. Chow Chee Wai, Christopher, Mr. Alex Chan, and an executive Director, namely Ms. Yau On Yee, Annie, *JP*.

The Board believes that the implementation of such change could strengthen the effectiveness and diversity of the Board and further enhance good corporate governance practice of the Company as a whole.

ANNUAL GENERAL MEETING

The 2025 AGM will be held on Tuesday, 2 September 2025. A notice of the 2025 AGM will be published and despatched to shareholders in due course.

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

Hong Kong, 30 June 2025

At the date of this announcement, the Board comprises:

Executive Director:
Ms. YAU On Yee, Annie, *JP*

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