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Tse Tat Fung, Tommy – Chairman
謝達峰 – 主席

Letter to the Shareholders

致股東的函件

Review and Outlook

I am very pleased to report that the financial year ended 28 February 2005 has proved to be a major turnaround year for the Group as a result of (i) the completion of its capital reorganisation in November 2004 (ii) the raising of new funds by it via an open offer in December 2004 (iii) the major reduction and terming out of its remaining borrowings and (iv) the strong sales growth it experienced throughout the year mainly aided by significant increase in the number of tourists from Mainland China and also from generally improved economic conditions in Hong Kong during the year.

As a result of the above, the Group was able to (i) achieve a HK\$320.4 million (33.5%) increase in its turnover and a HK\$30.5 million (407.4%) increase in profit for the year when compared to the previous financial year and (ii) substantially strengthen its financial position with shareholder funds increasing by HK\$201.9 million to HK\$242.5 million and its gearing ratio (ratio of interest bearing borrowings less cash and bank balances to net assets value) reducing from 511.6% to 5.2%. Overall, we are entering the current year in a much healthier, stronger and rejuvenated position than that of previous years. I would like to thank all shareholders for their supports in achieving this outcome.

回顧及展望

本人欣然彙報，截至2005年2月28日止之財政年度對本集團而言實為邁向更好的一年。其主要原因有以下幾點：(i)於2004年11月完成資本重組；(ii)於2004年12月透過公開發售新股集資；(iii)大幅減少債項及替餘下之債項重訂新的條款；及(iv)受惠於內地訪港遊客人數激增及香港經濟狀況的整體改善而帶來全年強勁銷售增長。

綜合上述原因，對比往年度，本集團(i)錄得了港幣320,400,000元(33.5%)營業額的增長和港幣30,500,000元(407.4%)利潤的增加，集團之財務狀況亦得以大幅改善及鞏固；及(ii)股東資金增加了港幣201,900,000元至港幣242,500,000元的水平，及負債比率由511.6%減至5.2%。整體來說，我們今年起步於一個比過往年度更健康、更穩固及更好的狀況。我在此感謝全體股東的大力支持，使我們能達到此成績。



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Due to the substantially improved position and performance of the Group and the retail market during the year, the Group was able to continue with its program of reinvestment and infrastructure rebuilding that started last year in order to continue to rebuild and expand its business to ensure that it is well positioned to meet the competition and to grow in a consistent and steady manner going forward.

I would like to report the progress of these initiatives which have been undertaken and the other achievements of the Group since the last annual report:

- The Group has set up a new factory in Sha Tau Kok which opened in December 2004 and has leased a new factory in Panyu which will open in July 2005. Both factories are in addition to our existing three factories and will serve the Group's requirements for general and specialized jewellery products in the greater China region as well as our growing export business going forward.
- Approximately 70% of the Group's outlets in the Mainland China and 66% of the Group's outlets in Hong

在本年度內，因本集團的財務狀況及業績的大幅改善和整體零售市場轉佳，本集團可繼續進行自去年開始之再投資及重建業務基礎的計劃，從而令本集團能重建及拓展業務，以迎合挑戰，使本集團今後更茁壯成長。

我謹在此向各位彙報自上一份年報至今所採取的方案進度及其成果：

- 本集團在深圳沙頭角的新廠房已於2004年12月開業；在番禺租賃的新廠房亦將於2005年7月開業。這兩間新增的廠房將可支援香港及中國大陸及出口業務的增長和滿足其業務對一般及專業珠寶的需求；
- 為配合本集團新的定位，大約70%的內地銷售點和66%的香港銷售點現已換

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The images of TSL's new ad campaign enhance and give new energy to the store's interior. Above: TSL's Central flagship store.
 全新形象廣告及形象照片為顧客帶來煥然一新的感覺。
 上圖：TSL | 謝瑞麟中環旗艦店。

Kong have now been changed to the new image with the new corporate identity. More outlets will be renovated with the new image to provide our customers with a more pleasant and comfortable shopping environment. It is planned that 100% of the Group's outlets will bear the new image by the end of next financial year.

- The Group developed a new and substantially upgraded set of promotional material and image advertisements during the year to suit its new store image and merchandise selection. The new in-store graphics and external image campaign were launched in April 2005 in both Hong Kong and the Mainland China and have been well received. This re-branding exercise will be progressed further throughout the forthcoming financial year.
- The Group has embarked upon a store expansion program both in Hong Kong and the Mainland China with 2 new stores opened in Hong Kong. The new stores in Causeway Bay and Yau Ma Tei have been well received by our customers. Another new store was

上新形象。我們計劃本集團所有的銷售點將會於下一個財政年度內完成有關改裝，以新形象為客戶提供一個更舒適愉快的購物環境。

- 本年度本集團已開發及提昇了宣傳品和形象廣告，以配合店鋪的新形象及新的精選貨品。新店內的圖像陳列及戶外的形象廣告已在2005年4月在香港和內地同步推出，並深受歡迎。該等品牌重塑的工作將在這往後的財政年度內繼續深化地進行。
- 本集團正在香港及內地擴大銷售點的分佈。在香港銅鑼灣及油麻地開業的新舖均備受顧客歡迎。另一新舖已在2005年4月中旬在旺角開業，還有兩間將會在2005年7月在旺角和尖沙咀相繼成立，

opened in Mongkok in mid April 2005 and two further stores will be opened in Mongkok and Tsim Sha Tsui respectively in July 2005 to serve the increasing number of tourists and the reviving local market. Number of outlets in Mainland China has increased from 86 of last year to 103 by the end of February 2005.

- As part of our continuing expansion in the Mainland China, the new concept store created last year under the brand name, 謝瑞麟|Saxx, was further expanded with the opening of 5 new stores by May 2005. This brand is an extension of the Group's quality products and services to the young and trendy consumer segment in the Mainland China. During the year, the interior design of the 謝瑞麟|Saxx shop won the award of "Design for Life Awards 2005 – Category : Retail" by the American Society of Interior Designers. 謝瑞麟|Saxx will form a new entry point for the Group to this young and trendy market segment and also to secondary cities in the Mainland China.
- In May 2004, we had the honour of, once again, being awarded the "Superbrands Hong Kong" status by Superbrands Ltd. During the year, our Hong Kong retail operation has the privilege to win a number of awards from Hong Kong Retail Management Association ("HKRMA"), including the "Services and Courtesy Award Programme 2004", "Mystery Shoppers Programme – Service Industry Leader". Our Mr. Ben Sin also won the "On the Job Performance Award" from HKRMA. Besides, we are one of the winners of the "Total Quality Service Regime" of the MTR Property Agency. On the product front, the "Constellate" by our designer, Ms. Simmy Chow, won the 6th Hong Kong Jewellery Design Competition – Merit Award. All these awards signify the recognition by the market and the industry of our commitment to provide quality services and products to our customers.
- The implementation of our new information technology platform is continuing and which we expect to be completed within next financial year. The new information technology system will enable the Group to serve our customers more effectively with timely and accurate information and more efficiently by streamlining the operation procedures.

以迎接不斷增加之遊客及本地市場的復甦。在內地的銷售點則從去年的86間增加至截至2005年2月28日止的103間。

- 為配合本集團在內地的擴充計劃，繼首間以“謝瑞麟|Saxx”品牌的新概念店在去年開業後，至今年5月止已再有多5間新店開業。此品牌乃本集團優質產品的延續，以迎合內地年輕及追求時尚的消費者的需求。謝瑞麟|Saxx在本年度贏得了美國室內設計師協會頒發的「2005年時尚生活設計大獎－零售店舖組別」的榮譽。謝瑞麟|Saxx將成為本集團進入這批年輕及追求時尚的消費層及國內周邊城市的新媒介。
- 於2004年5月，我們又再次獲得了“香港超級品牌”的美譽。本集團的香港零售業務亦屢獲香港零售管理協會的獎項，當中包括「傑出服務大獎」和「神秘顧客計劃」的「行業服務領袖獎」。我們的同事冼雲仲先生亦奪得由香港零售管理協會頒發的「最佳現場服務獎」。此外，我們也是香港地下鐵路物業公司「優質服務」的得獎者之一。產品方面，我們設計師鄒碧華女士設計的薈萍，獲得了第六屆香港珠寶設計比賽的優異獎。這些獎項均突顯出市場及業界對我們為顧客提供優質服務及產品的堅持之肯定。
- 新的資訊科技系統現正在實施階段，並預期在下一財政年度內完成。新的資訊科技系統將可簡化運作流程，並使本集團掌握更適時及準確的資訊，為顧客提供更高效率及更優質的服務。



TSL's sub-brand jewelry boutique, 謝瑞麟 | Saxx is targeted towards the young and trendy lady of China. It's store design was awarded by the American Society of Interior Designers in February 2005. 謝瑞麟 | Saxx是TSL謝瑞麟於中國旗下的副品牌，針對國內年輕及衣著入時的女士為主要顧客對象。其店舖設計更於2005年2月，於美國榮獲美國室內設計師學會頒發大獎。

In the short term, it is likely that some of the above initiatives and/or expenditures may have an impact on the Group's profitability. However, we believe that it is in the interests of shareholders in the longer term for us to ensure that the Group has a solid base and infrastructure from which the Group will be able to continue to grow its business.

We believe the above initiatives are important steps to lead the Group to growth and to our mission to become the leading, most innovative, efficient and profitable jewellery retailer in Asia. We shall, with the support of shareholders, steadfastly and painstakingly work to continue with the above initiatives in order to achieve our mission.

The Group has also been active during the year supporting charitable and community causes. I am very pleased that we made a contribution to the fund raising exercises conducted by Unicef Nation Children's Fund. The Group will continue to make contributions to such worthy causes as and when the opportunity or need arises.

On behalf of the Board, I would like to take this opportunity to express our thanks to our bankers, business partners, advisors, shareholders and staff for their continuing efforts and supports in past year and in the future.

短期而言，以上所述的工作及支出可能會影響本集團的盈利情況。但是，我們深信這些都是符合股東的長遠利益，為確保本集團有更堅實的基礎，以繼續拓展業務。

我們深信上述工作是帶領本集團繼續發展，達到我們的目標以成為亞洲具有領導地位，最有創意、效率及盈利的珠寶零售商的重要步伐。我們籍著股東的支持，必將堅定不移和努力地繼續實行上述工作，以達至我們的目標。

本集團去年也積極支持慈善及公益事務。本人很高興我們去年參與了聯合國兒童基金會的籌款活動。在有需要時，本集團日後亦會繼續支持該等有意義的活動。

本人謹代表董事會籍此機會，向我們的銀行、業務夥伴、顧問、股東和員工，為他們一直的不懈努力及無間斷的支持，致以衷心的感謝。