



**Tse Sui Luen Jewellery (International) Limited  
Announces 2016/17 Interim Results**

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*Gross Profit Margin Improved to 48.6%  
Planning Ahead and Seeking Changes in a Prudent Approach*

**Financial Highlights (Unaudited)**

<i>For the six months ended 31 Aug</i>	<b>2016 HK\$ Mil</b>	<b>2015 HK\$ Mil</b>	<b>Change</b>
<b>Turnover</b>	<b>1,550.0</b>	<b>1,752.6</b>	<b>-11.6%</b>
<b>Gross profit</b>	<b>753.7</b>	<b>797.3</b>	<b>-5.5%</b>
<b>Gross profit margin (%)</b>	<b>48.6</b>	<b>45.5</b>	<b>+3.1 pts</b>
<b>Profit attributable to owners of the Company</b>	<b>11.7</b>	<b>15.5</b>	<b>-24.1%</b>
<b>Basic earnings per share (HK cents)</b>	<b>5.6</b>	<b>7.3</b>	<b>-24.1%</b>
<b>Interim dividend per share (HK cents)</b>	<b>1.5</b>	<b>1.5</b>	<b>0.0%</b>

(27 October 2016, Hong Kong) **Tse Sui Luen Jewellery (International) Limited** (“**TSL Jewellery**” or the “**Company**”, together with its subsidiaries the “**Group**”, HKSE stock code: 417), one of the largest jewellers in Asia, today announced its interim results for the six months ended 31 August 2016 (the “**First Half**”).

During the First Half, the Group’s sales turnover decreased by 11.6% from HK\$1,753 million to HK\$1,550 million, while profit attributable to owners of the Company was down by 24.1% from HK\$15.5 million to HK\$11.7 million. The decline was mainly due to the significant year-on-year drop in retail sales activity in Hong Kong resulting from the continued reduction in the number of tourists from Mainland China and also the weakened consumption sentiment. On a more positive note, the Group is pleased to report that its overall performance was buoyed by the encouraging growth of its businesses in Mainland China, especially from its franchising arm. Furthermore, gross profit margin significantly improved by 3.1 percentage points to 48.6%. Earnings per share was 5.6 HK cents. The Board of Directors recommended an interim dividend of 1.5 HK cents per share. Dividend payout ratio increased from 20.5% to 26.8%.

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Regardless of the current unstable operational environment, the Group has continued to maintain its stable financial structure. Key indicators were recorded at healthy levels with net gearing ratio slightly decreased from 59% to 58% and cash flow improved during the First Half to support future growth of the Group. On 13 September 2016, the Group signed a five-year, HK\$573 million syndicated loan facility agreement with an aim to provide steady liquidity support to the Group's future business development.

Commenting on the interim results 2016/17, **Mrs. Annie Yau Tse, Chairman and Chief Executive Officer of the Group** said, "We have been through a challenging First Half and the Group has tried every means to expand sales and remain profitability. For example, we launched several wedding-related campaigns to reinforce our 'Wedding Expert' brand positioning and have been warmly received by wedding customers, especially for our first-of-its-kind Wedding Pop-up Corner at our flagship store. On the other hand, we continued to attain satisfying performance in our business in Mainland China, which delivered a 5.0% growth due to a rapid network expansion."

Accounting for around 60% of the Group's total turnover, Mainland business remained as the main contributor in the First Half while same store sales growth was at 1.5%. Among the Group's operation in the country, income from the franchising business served as the key driver, with the segment recording an accelerated growth thanks to a fast growing network. As of 31 August 2016, the total number of self-operated stores was 197, while number of franchised stores rose from 83 to 98. As of today, 27 October 2016, the total number of self-operated and franchised stores increased to 202 and 110 respectively, amounting to a total of 312 stores in Mainland China covering 110 cities.

Another eye-catching development came from the Group's e-business segment. With two new platforms in place during the First Half: Taobao.com and Jumei.com, sales from this segment surged by 5 times compared to sales from same period last year. On top of the two new channels and three existing ones, namely T-Mall, JD.com and VIP.com, the Group will continue to explore more new platforms.

Looking ahead, **Mrs. Tse** concluded, "We will keep reviewing our store network to reduce costs and better serve our customers. Subject to availability of appropriate locations and a reasonable level of rental expenses, we target to open two new retail stores this year to broaden our store network in Hong Kong. Shop opening momentum shall be maintained in Mainland China in the forthcoming years with an aim to expand our franchising network. We expect our e-business channel to maintain its high growth rate in the second half of the year. Given the challenging market situation, the Group remains cautious about the outlook of 2017. We shall continue to adopt a balanced business approach, yet seeking changes along the tides, enhancing our competitive edge and to create higher value and returns to our customers and shareholders."

**About TSL Jewellery (HKSE stock code: 417)**

Tse Sui Luen Jewellery (International) Limited (“**TSL Jewellery**”, incorporated in Bermuda with limited liability) is one of the largest jewellers in Asia, that is principally engaged in jewellery design, manufacturing, trading, retailing and wholesaling. TSL Group was founded by Mr. Tse Sui Luen, a legend in the Hong Kong jewellery industry, in 1960. Tse Sui Luen Jewellery Company Limited was then incorporated in 1971 and TSL Jewellery was listed on The Stock Exchange of Hong Kong Limited in 1987. With the headquarters established in Hong Kong, TSL Jewellery currently operates over 300 jewellery boutiques spanning over 110 cities in Asia besides Hong Kong, including but not limited to Beijing, Shanghai, Chengdu, Guangzhou, Shenzhen, Macau and Kuala Lumpur.