TSL 謝瑞麟

HONG KONG

Tse Sui Luen Jewellery (International) Limited
Announces 2015/16 Annual Results

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Prudent Financial Control to Grasp Future Opportunities

Rapid expansion in PRC prompts a promising future

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Financial Highlights

For the year ended 28/29 February	**2016 HK$ Mil (Audited)**	2015 HK$ Mil (Audited)	**Change**
Turnover	**3,539**	3,871	**-8.6%**
Gross profit	**1,612**	1,799	**-10.4%**
Gross profit margin (%)	**45.5**	46.5	**-1.0 pts**
Profit attributable to owners of the Company	**23.6**	39.8	**-40.6%**
Basic earnings per share (HK cents)	**11.2**	18.9	**-40.6%**
Total dividend per share (HK cents)	**4.1**	4.9	**-16.3%**
- Interim dividend per share (HK cents)	**1.5**	1.2	**25%**
- Final dividend per share (HK cents)	**2.6**	3.7	**-30%**
- Dividend payout ratio	**36.6%**	25.9%	**10.7pts**

(23 May 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 annual results for the year ended 29 February 2016 (the "**Year**").

The Group's turnover for the Year decreased by 8.6% as compared to last year to HK$3,539 million. The decline was mainly attributable to a significant year-on-year drop in retail sales activity in Hong Kong resulting from a reduction in the number of tourists visiting from Mainland China. However, the encouraging growth of business in Mainland China, particularly in the franchise business, remarkably drove the revenue engine. The Group managed to limit the drop in overall consolidated gross margin to 1% from 46.5% to 45.5% during the Year due to its corporate policy on consistent monitoring of gross margins.

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Profit attributable to owners of the Company declined by 40.6% to HK$23.6 million. Earnings per share was 11.2 HK cents. The Board of Directors recommended a final dividend of 2.6 HK cents per share. Together with the interim dividend of 1.5 HK cents per share for the period ended 31 August 2015, total dividend per share for the Year will amount to 4.1 HK cents, which is equivalent to a dividend payout ratio of 36.6% on a full-year basis.

Notwithstanding the extremely volatile retail market situation in Hong Kong, the Group maintained a healthy financial position during the Year. Key financial performance indicators such as cash level and stock turnover day have continued to improve. Moreover, the operating cost of the Group has achieved a single-digit drop against that of last financial year, which reveals that its cost control mechanism has been effective.

Commenting on the annual results 2015/16, **Mrs. Annie Yau Tse, Chairman and Chief Executive Officer of the Group** said, “2015 was a year fraught with challenges. Despite facing tougher market conditions, we are elated by the growth of business in Mainland China during the Year, namely the eye-catching expansion of the franchised network and the rapidly growing e-business. We continued to adopt the ‘store-for-store’ strategy in Hong Kong by downsizing our shops in prime commercial districts or relocating them to locally residential areas so as to enhance our presence in the local market and achieve a more balanced network portfolio.”

With a significant drop in the number of tourists visiting Hong Kong and Macau from Mainland China during the Year, the overall tourist and customers’ spending decreased as a result. During the Year, the turnover of retail section in Hong Kong and Macau dropped by 21.9% and same store sales growth was minus 24.3%. In spite of this challenging market situation, the Group identified opportunities in the local market by opening three new stores in Hong Kong – one in Olympian City, Mongkok, one in Plaza Hollywood, Diamond Hill and one in Temple Mall North, Wong Tai Sin and closing two stores during the Year. As of today, 23 May 2016, the total numbers of self-operated outlets in Hong Kong and Macau were 28 and 3 stores, respectively.

In terms of product types, the consumption pattern shifted from luxury jewellery products and high-ticketed items towards more popular mass market commodities. To accommodate the changing market, the Group successfully launched “Finger Language” campaign to attract the younger generation by using digital media and the influence of key opinion leaders (KOLs). The campaign has been well received by social media enthusiasts.

In Mainland China, thanks to an expanded network, the Group’s retail business achieved a pleasing growth of 2.3% during the Year with same store sales growth of 1.5%. As of 29 February 2016, the total number of self-operated stores was 187, while number of franchised stores rose from 34 to 83. As of today, 23 May 2016, the total number of self-operated and franchised stores increased to 191 and 86 respectively, amounting to a total of 277 stores in Mainland China covering 108 cities. The Group expects to expand its franchise sales network at an even faster pace in the country over the next few years.

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The e-business gradually prospers with consumers from Mainland China particularly keen on shopping through Internet and mobile devices. During the Year, the Group further extended its e-business platform and achieved a substantial growth of 584% (with its comparative figure from mid-2014 to February 2015). Following the success in launching its e-business platform in T-Mall and JD.com, the Group joined a new channel, VIP.com, in July 2015 and will continue to explore suitable channels to complement its existing platforms.

Looking ahead, **Mrs. Tse** concluded, “The ongoing uncertainty in the world and Mainland China economies and the political instability in Hong Kong have resulted in a significant uncertainty in the outlook for the business environment going forward. In face of the changing retail landscape in the markets, a prudent yet progressive approach will be taken in the next 12 months. We are facing a challenging business environment but at the same time grabbing a handful of business opportunities in front. Hence we stay positive and hold an optimistic long-term view about the Group’s future and will continue to invest in and enhance our brand, inventory, store network and human resources to ensure that it can continue to deliver higher returns to our customers and shareholders in the future.”

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About TSL Jewellery (HKSE stock code: 417)

Tse Sui Luen Jewellery (International) Limited (incorporated in Bermuda with limited liability) is currently one of the largest jewellers in Asia, with the Group principally engaged in jewellery design, trading, retailing, export and manufacturing. TSL Jewellery was established in 1971, and was listed on the Hong Kong Stock Exchange in 1987. The Company operates over 300 jewellery boutiques spanning major cities in Asia, including Beijing, Shanghai, Guangzhou, Hong Kong, Macau, Kuala Lumpur and Tokyo. For more information on TSL Jewellery, please visit: www.tslj.com or email to ir@tslj.com.