



TSE SUI LUEN JEWELLERY (INTERNATIONAL) LIMITED
Announces 2012/13 Interim Results

Financial Highlights

<i>For the 6 months ended 31 August</i>	2012 HK\$ Mil (unaudited)	2011 HK\$ Mil (unaudited)	Change
Turnover	1,659	1,563	+6.1%
Gross profit	786	771	+1.9%
Profit attributable to owners of the Company	30.7	88.5	-65.3%
Basic earnings per share (HK cents)	15	42	-65.3%
Interim dividend (HK cents)	1	2.7	-63.0%

(30 October 2012 – Hong Kong) – Tse Sui Luen Jewellery (International) Limited (“TSL Jewellery” or the “Group”, HKSE stock code: 417), one of the largest jewellery chains in Asia, today announces its interim results for the six months ended 31 August 2012.

During the period under review, the Group’s turnover increased by approximately 6.1% from HK\$1,563 million to HK\$1,659 million despite the challenging operating environment. However, gross profit margin was compromised by a combination of a shift in the sales mix towards lower-margin 24-karat gold products and an increase in the cost of goods sold, leading to a slight drop from 49.3% in the last corresponding period to 47.4%. Coupled with higher operating costs and weakened buying sentiment, profit attributable to owners of the Company decreased by approximately 65.3% to HK\$30.7 million. Earnings per share amounted to 15 HK cents, as compared to 42 HK cents in the last corresponding period. The Board of Directors declared an interim dividend of 1 HK cent for the period under review.

Commenting on the interim results, Mrs. Annie Yau Tse, Chairman and Chief Executive Officer of the Group, said, "Following the extraordinary growth that occurred in the overall retail market last year, the market subsequently stabilised during the period under review with a return to more modest growth. During the period, we continually improved and invested in the Group's human resources and infrastructure, which we believe will benefit it in the long run. We also rolled out business and marketing initiatives which further strengthened our unique positioning of "Trend-setting Craftmanship 「非凡工藝 潮流演繹」."

In April 2012, the Group successfully completed the issue of HK\$250 million in convertible bonds to CDH King Limited (a member of CDH Investments) to broaden its capital base and to raise funds required for the further development of its core jewellery business.

OPERATIONAL REVIEW

During the period, the Group continued to be the pioneer in the industry and reinforce its "Trend-setting Craftmanship 「非凡工藝 潮流演繹」" positioning by exploring opportunities with reputable international brands. In September 2012, TSL Jewellery collaborated with the world-renowned fashion designer Vivienne Tam to launch the *Vivienne Tam for TSL Fine Jewellery Collection* at New York Fashion Week. The collection is expected to be on sale at TSL's stores in the coming spring.

In order to further enrich its product portfolio, the Group acquired a lifestyle jewellery brand in Japan during the period. The acquisition is also in line with TSL Jewellery's strategy to further expand its customer base and to become an international jewellery brand. The products will be available to customers in mid-2013 and will enhance the product portfolio of the Group.

As of 30 October 2012, the Group owns 207 stores, i.e. 21 stores in Hong Kong, 2 stores in Macau, 181 stores in Mainland China and 3 stores in Malaysia.

OUTLOOK

Commenting on the Group's outlook, Mrs. Tse concluded, "Looking into the second half of this financial year, the operating environment for the Group is likely to remain challenging due to weakening consumer sentiment in light of economic uncertainties and the slowdown of economic growth in China. However, we believe that home consumption in Mainland China will continue to grow in the medium- to- long- term, bringing further opportunities for the Group. In view of that, we will be cautious yet progressive in developing our business. We will step up our efforts in differentiating our products through strategic business and marketing initiatives, and we look forward to capitalising on future market growth when such opportunities arise."

- End -

About TSL Jewellery

TSL Jewellery is currently one of the largest jewellers in Asia, principally engaged in jewellery design, retailing, export and manufacturing. TSL was established in 1971, and was listed on the Hong Kong Stock Exchange in 1987. The Group operates over 200 jewellery boutiques spanning major cities in Asia, including Beijing, Shanghai, Guangzhou, Hong Kong, Macau and Kuala Lumpur.

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