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## Corporate News

### Mainland operation continued as key driver for TSL Jewellery's total turnover

Tse Sui Luen Jewellery (International) Limited posted a 5% growth from its Mainland operation for the six months ended 31 August 2016 (the "First Half") thanks to a rapid network expansion, said the Group in its 2016/17 Interim Results announcement.

Accounting for over 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.

Another eye-catching development in the First Half 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.

Despite the current turmoil in Hong Kong's retail market that caused a drop in the Group's overall sales and profit, its gross profit margin significantly improved by 3.1 percentage points to 48.6%. Key financial indicators were also 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. The Board of Directors recommended an interim dividend of 1.5 HK cents per share, representing an increase of its dividend payout ratio from 20.5% to 26.8%.

The Group will remain cautious towards the outlook of 2017 as the challenging market environment is expected to last for one year. Nevertheless, it is also positive about performance in Hong Kong in the second half thanks to the holiday shopping spree for Christmas, Chinese New Year and Valentine's Day.



(from left) Mrs Annie Yau Tse, Chairman and Chief Executive Officer and Ms Estella Ng, Deputy Chairman, Chief Strategy Officer and Chief Financial Officer  
(左起) 主席及行政總裁謝邱安儀女士及副主席、首席策略暨財務官伍綺琴女士

### TSL Jewellery announced early redemption of convertible bonds

The Group announced that it early redeemed all of the convertible bonds due April 2017 from CDH King Limited on 29 November 2016 in the aggregate principal amount of HK\$250 million together with all interest accrued and outstanding up to the early redemption date, and a redemption premium. After the said early redemption, no convertible bond will remain outstanding. Mrs. Annie Yau Tse, Chairman and Chief Executive Officer of the Group, said, "Upon completion of the transaction, the Group is now entering into another new milestone. We will continue to enhance our competitive edge and deliver higher returns to shareholders."

### 內地業務持續成為謝瑞麟珠寶銷售增長的主要動力

受惠於網絡的迅速擴展，謝瑞麟珠寶（國際）有限公司截至2016年8月31日止六個月（「上半年」）之中期業績顯示，集團於中國內地業務增長達5%。

中國內地業務屬集團的主要收入來源，佔集團總營業額逾60%，同店銷售增長為1.5%。集團於上半年的國內業務收入主要由加盟店所帶動，加上加盟店銷售網絡擴展步伐迅速，使其業務錄得可觀增長。

集團的電子商貿發展成為上半年的另一業務亮點，其營業額較去年同期飆升5倍。除「天貓」、「京東商城」和「唯品會」三個現有合作伙伴外，集團亦於上半年成功進駐兩個全新電子商貿平台－「淘寶」及「聚美優品」，並計劃繼續開拓更多平台。

儘管香港零售業形勢嚴峻，導致集團整體銷售和利潤下降，集團上半年毛利率仍大幅改善3.1個百分點至48.6%。各項主要財務指標於上半年均能維持在健康水平，當中淨負債比率由59%輕微下降至58%，現金流亦於期內獲得改善以支持集團的未來發展。董事會建議派發中期股息每股1.5港仙，派息比率由去年之20.5%增至26.8%。

鑒於零售市道在未來一年內都會繼續充滿挑戰，集團對2017年的前景持謹慎態度。但同時相信，下半年因為有三個重要節日，包括聖誕節、農曆新年及情人節，屬傳統零售旺季，集團在本港的業績將優於上半年。

### 謝瑞麟珠寶宣佈提早贖回可換股債券

集團宣佈已於2016年11月29日，以總本金額2.5億港元，連同截至提早贖回日之餘額利息以及贖回費用，悉數向CDH King Limited提早贖回所有於2017年4月到期的可換股債券。集團贖回上述債券後，概無任何未償還之可換股債券。集團主席及行政總裁謝邱安儀女士表示：「隨著完成此提早贖回，集團現踏入另一新里程，我們將繼續提升競爭優勢，為股東創造更佳回報。」

## Operational Focus

**31** new stores opened from September to November 2016  
家分店在九月到十一月期間開設

The Group has presence in 112 cities and the new ones include:  
集團在內地的銷售網絡達至 112 個城市，其中新增城市包括：

黑龍江省雞西 Jixi, Heilongjiang Province  
河南省漯河 Luohe, Henan Province  
河南省開封 Kaifeng, Henan Province  
廣東省梅州 Meizhou, Guangdong Province  
福建省漳州 Zhangzhou, Fujian Province  
江西省上饒 Shangrao, Jiangxi Province  
安徽省安慶 Anqing, Anhui Province

### Store network coverage 集團銷售網絡覆蓋

Location 地點	No. of stores 店鋪數目 (As of 30 November 2016 截至2016年11月30日)
Mainland China 中國內地	316
<ul style="list-style-type: none"> <li>Self-operated 自營店 201</li> <li>Franchised 加盟店 115</li> </ul>	
Hong Kong 香港	26
Macau 澳門	3
Malaysia 馬來西亞	4
Japan 日本	1
<b>Total</b>	<b>350</b>

## Sustainable Development

### Sales channel expansion amid retail slump in Hong Kong

Regardless the current lacklustre retail market in Hong Kong, the Group is taking this opportunity to consolidate its sales network. Apart from adding a new store earlier this month in Times Square in Causeway Bay, a major shopping district in Hong Kong, it targets to open one more shop this financial year to broaden its sales network in the city if the location and rents meet the Group's expectation.

It is also planning to open another one to two more stores in Malaysia next year should opportunities arise. Mainland China will remain as the key contributor of the Group's total turnover and shop opening momentum in the country will be maintained in the forthcoming years with an aim to expand the franchising network. More online platforms will be added as well to ensure its e-business can continue to grow at a fast pace.



New store in Times Square, Causeway Bay, Hong Kong  
香港銅鑼灣時代廣場新店

### More collaborations with international designers to offer unique retail experiences

The Group will seek more opportunities to cooperate with international designers to launch more crossover collections, and the collaboration between the Group and Christine Keller, an American handmade jewellery designer, is one recent example.

This new collection, which features jewellery made with gold and colourful aluminium wires, enables consumers in China and Hong Kong to enjoy the pleasure of making their personalised fine jewellery. By participating in free workshops offered in several TSL | 謝瑞麟 stores, customers will be able to produce their own one-of-a-kind jewellery for their special ones.

The collaboration with this talented designer based in West Virginia in the United States – who is famous for utilising different materials to create handmade jewellery with unique styles – marks the beginning of the International Design Collection, the Group's latest effort to bring international perspective and innovation into their jewellery designs.



(from left) Mr Tommy Tse, Deputy Chief Executive Officer, and Ms Christine Keller, American handmade jewellery designer  
(左起) 集團副行政總裁謝達峰先生與美國手作珠寶設計師Christine Keller

### 面對零售市道放緩 持續開拓本地銷售渠道

儘管本港零售市場仍然不景氣，唯集團利用此時機整合其零售網絡。除了近日在位於本港主要購物區銅鑼灣時代廣場內新增1間店舖外，集團亦計劃於今年財年在地點合適且租金水平符合預期的情況下，在香港再新增1間店舖，以擴展其銷售網絡。

若有機會，集團將爭取來年於馬來西亞再開一兩間店舖。中國內地業務將仍屬集團的主要收入來源，集團期望於未來數年維持於當地開設新店舖的步伐，藉以擴大加盟店銷售網絡。同時，集團將繼續開拓更多電子商貿平台，以確保電子商貿業務能保持高速增长。

### 與國際設計師合作 提供獨特購物體驗

集團將進一步與國際設計師合作，推出更多Crossover產品系列，而最近與美國手作珠寶設計師Christine Keller合作就是其中一例。

此全新珠寶首飾系列以足金金線及色彩繽紛的鋁線為設計元素。集團更在TSL|謝瑞麟的數間指定店內，為顧客提供免費工作坊，讓內地及本港消費者能親身參與及製作專屬個性化珠寶，讓他們享受箇中樂趣，並為至愛製作獨一無二的飾物。

集團是次與來自美國西維珍尼亞州，擅長利用不同物料製作獨特手作珠寶的設計師合作，成功開拓International Design Collection的第一步，亦印證其致力將國際視野及創新理念融入珠寶設計的努力。

## Frequently Asked Questions

**Q: How was the performance of the Group's e-business on Singles' Day (11 November)?**

集團電子商貿平台於雙十一期間的零售表現如何？

The Group's three major e-business platforms achieved satisfying results on Singles' Day as sales surged by over 600% from last year. Traffic to our online platforms jumped by nearly seven times compared to the same period last year. With approximately 10,000 items shipped to buyers on that day, the Group's payment conversion rate\* on T-Mall reached 6.27%, the highest among the four largest jewellery brands in Hong Kong. Furthermore, the Group was among the top rankers on major e-platforms in terms of jewellery sales. For example, we were ranked number one on VIP.com – where the Group launched its Singles' Day campaign for the first year, outshining all other domestic and international jewellery brands.

\*payment conversion rate represents the ratio of number of buyers to number of visitors during a specific period of time

集團的三大電子商貿平台在雙十一都取得不俗成績，單日營業額按年上升超過600%，訪客數更大幅飆升近7倍；而集團於天貓的支付轉化率\*亦是香港四大珠寶品牌中最高，達6.27%，集團全日發貨近10,000件。此外，集團今年雙十一在各網購平台的珠寶類別銷售排名理想，其中，今年首次進駐的唯品會排名第一，超越國內外所有珠寶品牌。

\*支付轉化率是指在一個統計周期內，產生交易的客戶數目佔訪客總數的比率

**Q: What is the Group's view towards local retail market for 2H 2016 and 2017?**

如何評估下半財年及2017年本地零售市道的前景？

The retail industry in HK is currently undergoing a self-adjustment and will remain challenging for the next 12 months; therefore, the Group is cautious towards the outlook of 2017. But as three major holidays, including Christmas, Chinese New Year and Valentine's Day, all fall in the second half, we are confident that local sales performance of the Group in 2H16 will outpace that of 1H16 due to the unleashed purchasing power from holiday shoppers. The Group will also introduce limited-time offers to consumers who are in search of their seasonal gifts. Meanwhile, we are also taking this opportunity to consolidate and optimise our store network. Recently, the Group opened a new store in Times Square, Causeway Bay, and plans to open another one in Hong Kong if the location and level of rents align with the Group's expectation.

預計本港零售業於未來12個月仍然處於調整期，市道依然面對嚴峻挑戰，所以集團對2017年展望持審慎態度。但由於下半年有三個重要節日，包括聖誕節、農曆新年及情人節，屬傳統零售旺季，料市場積壓的購買力會在下半年爆發，加上集團將適時推出更多限時優惠，相信下半財年集團在本港的業績將優於上半年。另外，市場處於調整期的同時，我們認為有危亦有機，而這也是集團整合和優化零售網絡的好時機。集團最近於銅鑼灣時代廣場新開一間店舖，並計劃未來在地點合適且租金水平合理的情況下，將在香港再新增1間店舖。

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TSL Investor Snapshot is a business update sent to investors and media every three months.

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