

Hong Kong Jeweler TSL Warns of Major Loss for Full Year



Tse Sui Luen (TSL) expects to report a “significant” loss for its full fiscal year amid a decrease in the desire for diamond jewelry in China.

The [Hong Kong-based jeweler](#) believes it will lose at least HKD 220 million (\$28.1 million) for the 12 months ending March 31, it said last week. That compares with a loss of HKD 71 million (\$9.1 million) a year ago.

The expected loss, which the company calculated based on sales data for the 11 months ending February 29, does not take into account any impairment of property, plant, equipment and provision for inventory the retailer still may incur, it explained.

“The expected loss was mainly due to the significant decline in consumer demand for natural-diamond jewelry in the mainland market, and the diminishing profit margins from

the group's transition to selling 24-karat gold products in a much higher percentage," TSL noted. "The group is still in the process of transforming its business model to fit the drastically changing sales mix, which has involved considerable time and monetary investment before the profitability could be turned around."

Beginning with the second half of its fiscal year, TSL took measures to retool its product offering and restructure its store to offer more gold product, it said. It also cut down on employee costs. Those efforts cost approximately HKD 70 million (\$8.9 million).

TSL will publish its full-year results by the end of June, it added.

Main image: A TSL store in Hong Kong. (Shutterstock)