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**FOR MORE INFORMATION:**

Haris Tajyar  
818-382-9702  
[htajyar@irintl.com](mailto:htajyar@irintl.com)

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**FOR IMMEDIATE RELEASE**

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**LJ INTERNATIONAL REPORTS FINANCIAL RESULTS  
FOR THE FOURTH QUARTER AND FISCAL YEAR 2008**

**Operating Profit, Net Income Increases in Fourth Quarter 2008;  
Rising Retail Shares Lift Gross Margins**

HONG KONG, March 31, 2009 – LJ International Inc. (LJI) (NASDAQ: JADE), a leading jewelry manufacturer and retailer, today reported financial results for the fourth quarter and fiscal year ended December 31, 2008.

Fourth Quarter and Fiscal Year 2008 Highlights:

- Fourth quarter revenues declined approximately 11% year-over-year, which contributed to an overall decrease of almost 10% for the full Fiscal Year 2008. The decreased sales of the Company's jewelry products was a direct result of the global economic slowdown, offset partially by the improving productivity and ongoing expansion of ENZO, the Company's retail chain store in China which counted a total of 97 stores in operation at the end of December 31, 2008.
- Fourth quarter operating income increased by 209% year-over-year, while annual operating income decreased by nearly 84%.
- Net income for the fourth quarter of 2008 was \$0.06 per share, up from a loss of (\$0.04) a year earlier. Annual earnings per share rose to \$0.11 from \$0.07.
- Retail sales in 2008 accounted for an increasing share of LJI revenue. The Company expects this trend to continue through 2009.

For the fourth quarter ended December 31, 2008, revenues totaled \$41.9 million, down 11% from \$47.1 million in the fourth quarter of 2007. The Company noted that the decrease was due to the current global economic crisis, which had an especially strong negative impact on LJI's wholesale business centered on North America. However, rising retail sales from the Company's ENZO chain in China partially offset the drop in wholesale revenues.

Gross profits in the fourth quarter of 2008 rose year-over-year to \$11.3 million, or 27% of revenues, from \$10.4 million, or 22% of revenues, in the fourth quarter of 2007. The increase in gross margins was due to the continued shift in revenue mix from lower-margin wholesale to higher-margin retail products.

**Operating Profit Triples Year-Over-Year**

Operating expenses in the fourth quarter of 2008 totaled \$10.5 million, compared to \$10.2 million in the fourth quarter of 2007. Operating income rose in the fourth quarter of 2008 to \$0.8 million, up 209% from \$0.2 million in the fourth quarter of 2007.

Non-operating income in the fourth quarter of 2008 was \$1.5 million, primarily from a \$1.5 million gain on currency translations.

Net income for the fourth quarter of 2008 totaled \$1.4 million, or \$0.06 per fully diluted share, from a loss of (\$0.8 million), or (\$0.04) per fully diluted share, in the fourth quarter of 2007.

### CEO Affirms Positive Outlook for Retail Growth

LJI Chairman and CEO Yu Chuan Yih commented, "The results we report today reflect both the challenges of operating in one of the most difficult economic environments we have ever experienced as well as the benefits of this Company's strategy based on low-cost production and broad market diversification, in particular our growing presence of retail stores in China. Although no part of our retail and wholesale customer base was spared the effects of the global downturn, we were able to cushion the blow to some degree through the higher-margin revenue contributions from our retail sales. We also have positioned ourselves well for the coming recovery by building up our cash position, keeping our debt levels relatively low and maintaining profitability. We do not expect to see a significant recovery soon in our relatively low-margin wholesale business, which derives most of its revenue from the U.S. But we are more optimistic about the prospects for retail growth as we continue to expand across China's vast and still relatively untapped consumer market."

### Annual Results Successfully Reflect Shift to Expanding ENZO Retail Chain

For the fiscal year ended December 31, 2008, LJI reported revenues totaling \$136.3 million, down 10% from \$152 million in 2007. Retail sales rose to \$36.4 million in 2008 from \$34.4 million in 2007. Considering the fact that the Company suspended the Signature line operation for 2008 which contributed revenue of \$13 million in 2007, the retail revenue at retail store level actually increased by \$15 million or 70% in 2008 as compared to 2007. Wholesale revenues fell to \$99.8 million in 2008 from \$117.7 million in 2007. The share of revenue from retail sales in 2008 rose to 27% vs. 23% for wholesale, compared to 73% vs. 77% in 2007.

Gross profit for fiscal 2008 totaled \$39.2 million, or 29% of revenues, compared to \$39.5 million, or 26% of revenues, in 2007. The increase in gross margins was due to the continued shift in our product mix from wholesale to retail.

Operating expenses for 2008 totaled \$38.3 million, compared to \$33.5 million in 2007. The increase was due primarily to the increase in rental costs of LJI's retail division from \$5.4 million in 2007 to \$8.4 million in 2008 as rental costs were contingent on revenue level, non-recurring litigation expenses of \$1.3 million and allowance for doubtful accounts of \$1.2 million. Operating income in 2008 was \$1 million, down 84% from \$6 million in 2007.

Non-operating income in 2008 was \$3.9 million, primarily consisting of a \$2.2 million gain on the sale of a property held for lease and a \$1.5 million gain on currency translation. This was partially offset by \$1.8 million in interest expense.

Net income for 2008 totaled \$2.5 million, or \$0.11 per fully diluted share, up 57% on a per-share basis from \$1.5 million, or \$0.07 per fully diluted share, in 2007.

To be added to LJI's investor lists, please contact Haris Tajyar at [htajyar@irintl.com](mailto:htajyar@irintl.com) or at 818-382-9702.

## About LJ International

LJ International, Inc. (LJI) is a publicly-owned company, based in Hong Kong and the U.S., engaged in designing, branding, marketing and distributing a full range of jewelry. It has built its global business, currently one of the fastest-growing in the jewelry industry, on a vertical integration strategy and an unwavering commitment to quality and service. LJI distributes to fine jewelers, department stores, national jewelry chains and electronic and specialty retailers throughout North America and Western Europe, with a growing retail presence in China through stores and e-shopping sites. Its product lines incorporate all major categories sought by major retailers, including earrings, necklaces, pendants, rings and bracelets. It trades on the Nasdaq National Market under the symbol JADE.

For more information on LJI, go to its Web Site at <http://www.ljintl.com> .

***Forward looking statement:*** *Except for the historical information, the matters discussed in this news release may contain forward-looking statements, including, but not limited to, factors relating to future sales. These forward-looking statements may involve a number of risks and uncertainties. Actual results may vary significantly based on a number of factors, including, but not limited to, uncertainties in product demand, the impact of competitive products and pricing, changing economic conditions around the world, release and sales of new products and other risk factors detailed in the company's most recent annual report and other filings with the Securities and Exchange Commission.*

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