



THIRD QUARTERLY REPORT
2013

LARRY JEWELRY
INTERNATIONAL COMPANY LIMITED

Incorporated in Bermuda with limited liability Stock Code: 8351

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This report, for which the directors (the “Directors”) of Larry Jewelry International Company Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this report misleading.

The board of directors (the “Board”) of Larry Jewelry International Company Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2013 together with the unaudited comparative figures for the corresponding periods in 2012 as follows:

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the three months and nine months ended 30 September 2013

	Notes	Three months ended		Nine months ended	
		30 September 2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	30 September 2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Revenue	3	75,396	73,622	206,976	243,982
Cost of sales		(53,607)	(48,529)	(146,180)	(176,136)
Gross profit		21,789	25,093	60,796	67,846
Other income	3	225	1,122	1,196	4,449
Selling and distribution costs		(18,404)	(18,930)	(51,437)	(55,478)
Administrative expenses		(9,581)	(17,556)	(32,176)	(56,921)
Operating loss		(5,971)	(10,271)	(21,621)	(40,104)
Finance costs	5	(6,137)	(4,849)	(17,833)	(20,324)
Loss before income tax	6	(12,108)	(15,120)	(39,454)	(60,428)
Income tax expense	7	(344)	(552)	(218)	(449)
Loss for the period attributable to the owners of the Company		(12,452)	(15,672)	(39,672)	(60,877)
Loss per share for loss attributable to the owners of the Company during the period					
– Basic and diluted (HK Cents)	9	(1.03)	(1.67)	(3.27)	(6.48)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 30 September 2013

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period attributable to the owners of the Company	(12,452)	(15,672)	(39,672)	(60,877)
Other comprehensive income				
Exchange gain/(loss) on translation of financial statements of foreign operations	973	2,971	(2,140)	5,065
Total comprehensive income for the period attributable to the owners of the Company	(11,479)	(12,701)	(41,812)	(55,812)

NOTES TO THE UNAUDITED CONSOLIDATED THIRD QUARTERLY RESULTS

1. GENERAL INFORMATION

Larry Jewelry International Company Limited (the “Company”) was incorporated in Bermuda with limited liability on 11 June 2009. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at 13/F., Pacific House, 20 Queen’s Road Central, Hong Kong. The Company’s shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM of the Stock Exchange”) since 7 October 2009.

The Company’s principal activity has not changed during the period and consisted of investment holding. The principal activities of its subsidiaries (together with the Company referred to as the “Group”) are principally engaged in designing, sale and retailing of a broad range of fine jewelry products.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited consolidated financial statements have been prepared under historical cost convention, except for certain financial instruments, which are measured at fair value as appropriate.

The principal accounting policies used in the preparation of these unaudited consolidated financial statements are consistent with those used in the annual audited financial statements for the year ended 31 December 2012, except for the new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by HKICPA that are adopted for the first time for the current financial statements. The adoption of these new and revised HKFRSs has had no material impact on the Group’s financial statements. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

3. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents total invoiced value of goods sold in the course of the Group's principal activities, net of returns and trade discounts. Revenue and other income recognised during the periods are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Sales	75,396	73,622	206,976	243,982
Other income				
Exchange gain, net	27	-	-	564
Gain on early redemption of convertible notes	-	-	451	-
Interest income	28	14	44	17
Management fee income	-	48	-	435
Reversal of provision of impairment on trade receivables	57	945	290	1,083
Sundry income	113	115	411	2,350
	225	1,122	1,196	4,449

4. SEGMENT INFORMATION

Management has identified the Group's two product lines as operating segments:

- (a) Design and Trading of Jewelry Products segment
- (b) Retailing of Jewelry Products segment

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	2013				
	Design and Trading of Jewelry Products segment (Unaudited) HK\$'000	Retailing of Jewelry Products segment (Unaudited) HK\$'000	Unallocated (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	
	Segment revenue	5,521	201,455	-	206,976
	Segment loss before income tax	(560)	(20,781)	(18,113)	(39,454)

	2012				
	Design and Trading of Jewelry Products segment (Unaudited) HK\$'000	Retailing of Jewelry Products segment (Unaudited) HK\$'000	Unallocated (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	
	Segment revenue	4,408	239,574	-	243,982
	Segment profit/(loss) before income tax	1,443	(9,355)	(52,516)	(60,428)

All of the segment revenue reported above is from external customers.

The Group's revenue from external customers is divided into the following geographical areas:

	Nine months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Southeast Asia	125,074	135,570
Greater China (include Hong Kong and Macau)	81,902	108,149
Others	–	263
	206,976	243,982

The geographical location of customers is based on the location at which the goods were delivered.

During the period under review, there was no revenue from external customers attributed to Bermuda (the Company's country of domicile) (2012: Nil). The country of domicile is the country where the Company was incorporated.

5. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest charges on bank and other borrowings wholly repayable within five years	2,416	1,415	7,238	8,195
Imputed interest expenses wholly repayable within five years				
– convertible notes	3,721	3,212	10,595	9,345
– promissory notes	–	222	–	2,784
	6,137	4,849	17,833	20,324

6. LOSS BEFORE INCOME TAX

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before income tax is arrived at after charging:				
Auditors' remuneration	283	278	593	959
Cost of inventories recognised as expense	53,607	48,529	146,180	176,136
Depreciation	899	1,405	3,537	3,344
Loss on disposals of property, plant and equipment	44	-	78	59
Loss of inventories	-	-	-	128
Loss on early redemption of convertible notes	-	-	-	7,108
Change in fair value of financial assets at fair value through profit or loss	59	2,638	229	9,853
Equity settled share-based payment expenses	-	-	-	3,307
Employee benefit expense, including - Share-based payment expenses	9,018	8,953	28,916	30,111
Exchange loss, net	-	89	214	-
Operating lease rentals in respect of rented premises	11,244	12,194	34,376	35,929

7. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current income tax				
- Hong Kong	-	(31)	-	170
- Singapore	478	782	660	1,517
Deferred tax	(134)	(199)	(442)	(1,238)
	344	552	218	449

No income tax has been provided for Hong Kong as there is no estimated assessable profit derived from Hong Kong. During the three months and nine months ended 30 September 2013 and 2012, Hong Kong profits tax rate is 16.5% (three months and nine months ended 30 September 2012: 16.5%).

Singapore income tax has been provided at the rate of 17% on the estimated assessable profit for the three months and nine months ended 30 September 2013 (three months and nine months ended 30 September 2012: 17%).

No income tax has been provided for PRC and Macau as there is no estimated assessable profit derived from PRC and Macau during the three months and nine months ended 30 September 2013 and 2012.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (the "BVI"), the Company and its subsidiaries are not subject to any income tax in Bermuda and the BVI during the three months and nine months ended 30 September 2013 and 2012.

8. DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 30 September 2013 and 2012.

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to the owners of the Company for the three months and nine months ended 30 September 2013 of HK\$12,452,000 (2012: HK\$15,672,000) and HK\$39,672,000 (2012: HK\$60,877,000) and the weighted average number of 1,213,408,000 (2012: 939,204,000) ordinary shares in issue during the period.

For the three months and nine months ended 30 September 2013 and 2012, basic loss per share is same as diluted loss per share as there was no dilutive ordinary share.

10. RESERVES

	Share premium HK\$'000	Capital contribution reserve HK\$'000	Convertible notes equity reserve HK\$'000	Share option reserve HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance as at 1 January 2013	348,344	3,988	24,692	8,408	(830)	(1,033)	(129,465)	254,104
Transfer on redemption of convertible notes	-	-	(606)	-	-	-	606	-
Issue of shares	66,866	-	-	-	-	-	-	66,866
Share issue expenses	(1,639)	-	-	-	-	-	-	(1,639)
Share options forfeited	-	-	-	(622)	-	-	622	-
Transactions with owners	65,227	-	(606)	(622)	-	-	1,228	65,227
Loss for the period	-	-	-	-	-	-	(39,672)	(39,672)
Other comprehensive income								
- Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	(2,140)	-	(2,140)
Total comprehensive income for the period	-	-	-	-	-	(2,140)	(39,672)	(41,812)
At 30 September 2013	413,571	3,988	24,086	7,786	(830)	(3,173)	(167,909)	277,519
Balance as at 1 January 2012	236,005	3,988	17,206	8,683	(830)	(6,360)	(74,112)	184,580
Issue of convertible notes	-	-	20,394	-	-	-	-	20,394
Issuance cost of convertible notes	-	-	(783)	-	-	-	-	(783)
Transfer on redemption of convertible notes	-	-	(12,125)	-	-	-	12,125	-
Issue of shares	116,440	-	-	-	-	-	-	116,440
Share issue expenses	(4,101)	-	-	-	-	-	-	(4,101)
Recognition of equity-settled share-based payments	-	-	-	3,307	-	-	-	3,307
Transactions with owners	112,339	-	7,486	3,307	-	-	12,125	135,257
Loss for the period	-	-	-	-	-	-	(60,877)	(60,877)
Other comprehensive income								
- Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	5,065	-	5,065
Total comprehensive income for the period	-	-	-	-	-	5,065	(60,877)	(55,812)
At 30 September 2012	348,344	3,988	24,692	11,990	(830)	(1,295)	(122,864)	264,025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2013 continues to be a landmark year in Larry Jewelry's history. The Group made progress with its strategic plan to revitalize the business and ensure that the brand remains fresh and attractive to both existing and new customers.

Despite a number of positive internal developments, the management remained cautious during the third quarter. While on the whole, sales for the 3 months ended 30 September 2013 increased by 2.4% year on year to HK\$75,396,000, sales in Hong Kong declined. As such, the Group's sales for the nine months ended 30 September 2013 were approximately HK\$206,976,000, down by 15.2% year on year. This decrease can be attributed to the ongoing effects from the closure of the Pacific Place store, lower sales in the remaining stores and a slowdown in the wholesale segment.

During the third quarter, the Group sold several high ticket items in Singapore, which positively balanced the decline in sales in Hong Kong. High ticket items, however, have a lower gross margin and can therefore have a negative effect on the Group's overall gross margin. Due to the nature of the Company's business, we expect to see some fluctuation in gross margin from quarter to quarter. This fluctuation itself is temporary and naturally evens out throughout the year. As Larry Jewelry is not a fashion-driven or seasonal business, the sale of one high ticket item in any given quarter can significantly affect the Company's sales growth. The management will, however, endeavor to continue its efforts in improving the gross profit margin through product design and reducing operating expenses by exercising more stringent control over costs.

The Group continues to manage costs and has implemented measures to control various key operating expenses. These measures, combined with a lack of non-operating items when compared to the same period in 2012, contributed to a narrowing of the Group's loss by 20.5% in the third quarter, or by 34.8% for the nine months ended 30 September 2013.

During the period under review, the Group began to strategically increase its marketing and advertising presence for Larry Jewelry. In Singapore, the Group sponsored a TV series about seven successful women over 35, and in Hong Kong, the Group booked a number of marketing campaigns in Q4 to coincide with wider efforts to revamp the brand.

As noted in the interim report, the Group launched its presence in China through its first Larry Jewelry VIP lounge in Beijing earlier this year. To raise the visibility of the brand in a market in which Larry Jewelry is still relatively unknown, the Company held events for the media and prospective customers in the VIP lounge, as well as engaged in a number of interviews with highly influential, respected lifestyle publications. This is just the beginning of the Company's commitment to building a client base in China via the connection of its shareholders and raising its profile amongst customers in the Mainland market.

FINANCIAL REVIEW

Revenue

The Group's revenue for the nine months ended 30 September 2013 was approximately HK\$206,976,000 compared to approximately HK\$243,982,000 recorded in the corresponding period last year. This represents an approximately 15.2% decrease, which was mainly attributed to the closure of the Pacific Place store, a slowdown in the wholesale segment and lower sales in the remaining stores (HK\$201,045,000 for the nine months ended 30 September 2013 compared to approximately HK\$216,619,000 for the corresponding period last year).

For the three months ended 30 September 2013, the Group's revenue increased to approximately HK\$75,396,000 compared to approximately HK\$73,622,000 for the corresponding period last year.

Gross Profit

Gross profit for the period was approximately HK\$60,796,000, down 10.4% from approximately HK\$67,846,000 in the corresponding period last year. The Group's gross profit margin as reported in the consolidated income statement was 29.4% compared to 27.8% for the corresponding period last year. In preparing the consolidated income statement, the cost of the Sharp Wonder's inventories as at 19 July 2011 (the "Acquired Inventories") was recorded at fair market value, which was 17.9% higher than the historical cost. As the proportion of the Acquired Inventories in the overall cost of goods sold was significantly reduced during 2012, there was a significant increase in the reported gross margin.

If inventory was recorded based on historical cost levels, the Group's gross profit was approximately HK\$63,443,000 for the nine months ended 30 September 2013 compared to approximately HK\$75,276,000 for the corresponding period in the previous year, while the Group's adjusted gross profit margin was 30.7% compared to 30.9% for the corresponding period last year.

For the three months ended 30 September 2013, the Group's gross profit decreased to approximately HK\$21,789,000 compared to approximately HK\$25,093,000 for the corresponding period last year.

Other Income

The Group's other income for the nine months ended 30 September 2013 was approximately HK\$1,196,000 compared to HK\$4,449,000 for the corresponding period last year. The reduction is due to the fact that the other income in 2012 was attributed to insurance compensation received, the reversal of provision of impairment on trade receivables and exchange gains due to the favourable movement of the Singapore Dollar to Hong Kong Dollar exchange rate, which were non-recurring in nature.

Selling and Distribution Expenses

Following the closure of the Pacific Place store and the scaling back of other operations, the Group's selling and distribution costs decreased to HK\$51,437,000 for the nine months ended 30 September 2013 as compared to HK\$55,478,000 for the corresponding period last year. The key components of the selling and distribution costs were rental expenses for the shops and marketing expenses.

Administrative Expenses

The Group's administrative expenses for the nine months ended 30 September 2013 decreased by 43.5% to approximately HK\$32,176,000 compared to approximately HK\$56,921,000 for the corresponding in the previous year. Excluding non-operating items such as the change in fair value of financial assets at fair value through profit or loss, loss on the early redemption of convertible notes and equity settled share-based staff benefit expenses, the Group's administrative expenses for the nine months ended 30 September 2013 decreased by 12.8% to approximately HK\$31,947,000 compared to approximately HK\$36,653,000 for the corresponding period last year, due to the management's effort to control various key operating costs.

Finance Costs

The Group reduced its finance costs for the nine months ended 30 September 2013 to approximately HK\$17,833,000 compared to HK\$20,324,000 for the corresponding period in the previous year. The decrease was achieved by replacing the short-term borrowings with the facility from GE Capital and reducing the Group's overall debt level.

Loss Attributable to the Owners of the Company

The loss attributable to the owners of the Company was HK\$39,672,000 for the nine months ended 30 September 2013 compared to a loss of HK\$60,877,000 for the corresponding period in the previous year.

OUTLOOK

Looking ahead, while management expects the business environment will remain challenging in the last quarter of 2013, the overall outlook of the Group is optimistic.

The Group will continue to implement its brand revitalization strategy and will focus on improving sales through events as well as promotions held during the annual sales season at the end of the quarter. In this light, the inaugural Larry Splendour was held at the end of October 2013, and the Group has lined up a number of world renowned international designers that it intends to collaborate with in the future to bring a new design aspect to complement the Company's high quality craftsmanship; Barney Cheng, a very famous fashion designer in Hong Kong, will be the first of these collaborations.

The management is confident that the strategic initiatives being implemented will have a positive impact on the Group, ensuring that the Larry Jewelry brand remains fresh and attractive to both new and existing customers. It is also the management's goal to rejuvenate the classic elegance and sophistication of Larry Jewelry by introducing a new brand identity through exciting marketing and advertising campaigns.

FACILITY AGREEMENT WITH GE CAPITAL

On 4 July 2012, Larry Jewelry (1967) Pte. Limited and Larry Jewelry Limited, both being wholly owned subsidiaries of the Company (the “Borrowers”), and the Company as one of the guarantors with other subsidiaries of the Company have entered into a facility agreement (the “Facility Agreement”) with GE Capital Services Pte Ltd and GE Commercial Finance (Hong Kong) Limited (collectively, “GE Capital” or the “Lenders”), in relation to the provision of facilities in an aggregate amount up to HK\$234 million (the “Facilities”) to the Group.

The Facilities have a maturity period of three years from the date of the first drawdown under the Facility Agreement. On 17 July 2012, the Borrowers have made the first drawdown under the Facilities provided by GE Capital.

Pursuant to terms of the supplemental agreement to the Facility Agreement, which has been agreed and signed by the Lenders and the Company on 14 March 2013, each of the following will constitute an event of default upon which the facility will, among others, become immediately due and payable:

- (1) Ms. Tsang Po Yee Pauline, who is a director of the Company, and any other individuals who, at the date of the Facility Agreement, own (directly or indirectly) any of the issued share capital of Fullink Management Limited (“Fullink”), cease to collectively hold (directly or indirectly) 51% of the issued share capital of Fullink; and
- (2) the persons who, at the date of the Facility Agreement, have control of an obligor under the Facility Agreement (the “Obligor”) cease to have control of the Obligor, or one or more other persons acquire control of an Obligor after the date of the Facility Agreement, in either case without the prior written consent of the Lenders.

SHARE OPTIONS

The Company has conditionally adopted the Share Option Scheme on 21 September 2009 under which certain selected classes of participants (including, among others, full-time employees) may be granted options to subscribe for the Shares. The principal terms of the Share Option Scheme are summarised in the paragraph headed “Share Option Scheme” in Appendix V to the Prospectus.

As at 30 September 2013, details of the options granted under the Share Option Scheme and the General Mandate were as follows:

Grantee	Number of share options						Outstanding as at 30 September 2013	Date of grant	Exercise period	Exercise price (Note)
	Outstanding as at 1 January 2013	Adjustments (Note)	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
(i) Under Share Option Scheme										
Directors										
Ms. Tsang Po Yee Pauline	5,810,000	923,790	-	-	-	-	6,733,790	10 March 2011	10 March 2011 to 9 March 2021	HK\$0.647
Mr. Tam B Ray Billy	5,810,000	923,790	-	-	-	-	6,733,790	10 March 2011	10 March 2011 to 9 March 2021	HK\$0.647
Employees	7,300,000	1,160,700	-	-	(1,159,000)	-	7,301,700	28 March 2012	28 March 2012 to 28 March 2015	HK\$0.664
	<u>18,920,000</u>	<u>3,008,280</u>	<u>-</u>	<u>-</u>	<u>(1,159,000)</u>	<u>-</u>	<u>20,769,280</u>			
(ii) Under General Mandate										
Consultant	17,000,000	-	-	-	(17,000,000)	-	-	8 March 2011	8 March 2011 to 7 March 2013	HK\$0.553
Consultant	30,000,000	4,615,385	-	-	-	-	34,615,385	4 October 2011	4 October 2011 to 3 October 2013	HK\$0.650
	<u>47,000,000</u>	<u>4,615,385</u>	<u>-</u>	<u>-</u>	<u>(17,000,000)</u>	<u>-</u>	<u>34,615,385</u>			
Total	<u>65,920,000</u>	<u>7,623,665</u>	<u>-</u>	<u>-</u>	<u>(18,159,000)</u>	<u>-</u>	<u>55,384,665</u>			

Note: As announced on 23 May 2013, the exercise price of the share options have been adjusted as a result of the Open Offer.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2013, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

LONG POSITIONS IN SHARE OPTIONS OF THE COMPANY

Name of Director	Date of grant of share options	Exercise period	Exercise price	Number of options directly beneficially owned	Approximate percentage of total issued shares
Ms. Tsang Po Yee Pauline	10 March 2011	10 March 2011 to 9 March 2021	HK\$0.647	6,733,790	0.45%
Mr. Tam B Ray Billy	10 March 2011	10 March 2011 to 9 March 2021	HK\$0.647	6,733,790	0.45%
Total				13,467,580	0.90%

Save as disclosed above, as at 30 September 2013, none of the directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2013, other than the interests of certain directors and chief executives of the Company as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, the interests or short positions of person in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of shareholder	Capacity of interests	Number of issued ordinary shares held	Approximate percentage of shareholding in the Company
Fullink Management Limited (Note 1)	Beneficial owner	235,300,000	15.72%
Mr. Tsang Michael Man-heem (Note 1)	Interest of controlled corporation	235,300,000	15.72%
UNIR (HK) Management Limited (Note 2)	Beneficial owner	195,845,000	13.09%
Dr. Ina Chan Un Chan (Note 2)	Interest of controlled corporation	195,845,000	13.09%
Diamond Well International Limited (Note 3)	Beneficial owner	172,970,900	11.56%
Ms. Zhang Ya Juan (Note 3)	Interest of controlled corporation	172,970,900	11.56%
Citigroup Inc.	Person having a security interest in shares	113,422,762	7.58%
Asia Private Credit Fund Limited	Beneficial owner	110,756,095	7.40%

Notes:

1. These Shares are held by Fullink Management Limited, which is beneficially owned as to 40% by Mr. Tsang, Michael Man-heem, 15% by Ms. Tsang Po Yee Pauline (an executive Director), 15% by Ms. Tsang, Becky Po Kei, 15% by Ms. Tsang, Po De Wendy and 15% by Ms. Tsang, Marina Po Hing. Ms. Tsang Po Yee Pauline (an executive Director) is a director of Fullink Management Limited.
2. UNIR (HK) Management Limited is wholly and beneficially owned by Dr. Ina Chan Un Chan.
3. Diamond Well International Limited is wholly and beneficially owned by Ms. Zhang Ya Juan.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

Name of shareholder	Capacity of interests	Number of underlying shares held	Approximate percentage of shareholding in the Company
UNIR (HK) Management Limited	Beneficial owner	48,571,428	3.25%
Dr. Ina Chan Un Chan	Interest of controlled corporation	48,571,428	3.25%

Note: UNIR (HK) Management Limited holds convertible notes issued by the Company in the aggregate principal amount of HK\$34,000,000 which can be converted into 48,571,428 shares. UNIR (HK) Management Limited is therefore deemed to be interested in 48,571,428 underlying shares. UNIR (HK) Management Limited is wholly and beneficially owned by Dr. Ina Chan Un Chan.

Save as disclosed above, as at 30 September 2013, the directors of the Company were not aware of any other person (other than the directors and chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTOR'S RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangements to enable the directors, their respective spouses or children under 18 years of age to acquire such rights in the Company or any other body corporate.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the nine months ended 30 September 2013.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the date of this report, none of the Directors of the Company, or any of their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors during the nine months ended 30 September 2013.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors and one non-executive director of the Company, namely Mr. Chan Tze Ching Ignatius, Mr. Fung Shing Kwong, Mr. Lau Wan Pui Joseph and Mr. Wong Tat Tung. The unaudited consolidated results of the Group for the nine months ended 30 September 2013 have not been audited by the Company's auditors, but have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By Order of the Board
Larry Jewelry International Company Limited
Tsang Po Yee Pauline
Executive Director

Hong Kong, 7 November 2013

As at the date of this report, the Board comprises Ms. Tsang Po Yee Pauline as executive director, Mr. Cheng Ping Yat, Mr. Lau Wan Pui Joseph and Mr. Tam B Ray Billy as non-executive directors, Mrs. Chow Liang Shuk Yee Selina as chairman and independent non-executive director, and Mr. Chan Tze Ching Ignatius, Mr. Fung Shing Kwong and Mr. Wong Tat Tung as independent non-executive directors.