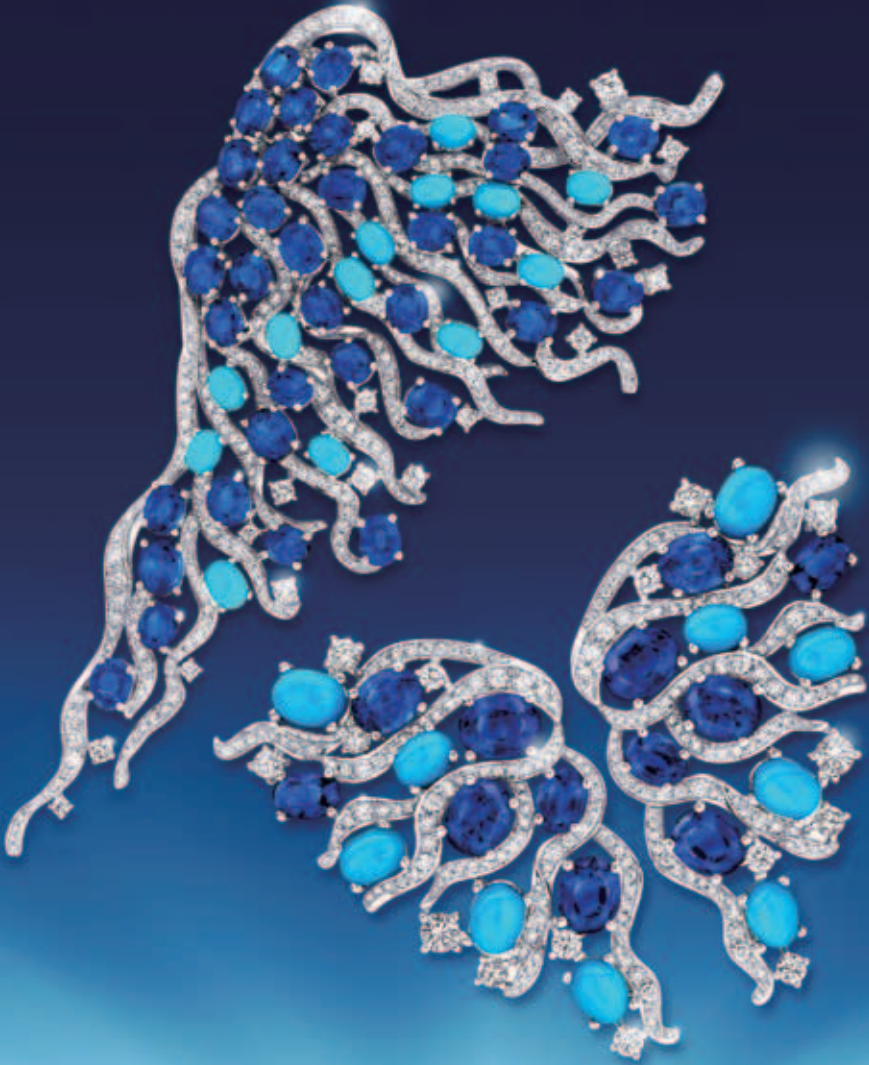


THIRD QUARTERLY REPORT 2014



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 GEM of the Stock Exchange (the “GEM Listing Rules”) 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 the Company presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2014 together with the unaudited comparative figures for the corresponding periods in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2014

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	3	64,166	75,396	176,515	206,976
Cost of sales		(49,234)	(53,607)	(130,662)	(146,180)
Gross profit		14,932	21,789	45,853	60,796
Other income	3	310	225	1,188	1,196
Selling and distribution costs		(19,470)	(18,404)	(56,053)	(51,437)
Administrative expenses		(9,929)	(9,581)	(27,459)	(32,176)
Operating loss		(14,157)	(5,971)	(36,471)	(21,621)
Finance costs	4	(3,937)	(6,137)	(11,992)	(17,833)
Loss before income tax	5	(18,094)	(12,108)	(48,463)	(39,454)
Income tax credit (expense)	6	565	(344)	763	(218)
Loss for the period attributable to owners of the Company		(17,529)	(12,452)	(47,700)	(39,672)
		<i>HK cents</i>	<i>HK cents</i> (restated)	<i>HK cents</i>	<i>HK cents</i> (restated)
Loss per share					
- Basic and diluted	8	(0.55)	(0.81)	(1.84)	(2.75)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2014

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	(17,529)	(12,452)	(47,700)	(39,672)
Other comprehensive (expense) income				
<i>Item that may be subsequently reclassified to profit or loss:</i>				
Exchange differences on translation of financial statements of foreign operations	(1,171)	973	145	(2,140)
Total comprehensive expense for the period attributable to owners of the Company	(18,700)	(11,479)	(47,555)	(41,812)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2014

	Share capital HK\$'000	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 2014 (audited)	14,965	413,571	3,988	24,086	5,903	(830)	(4,404)	(229,621)	227,658
Transfer on redemption of convertible notes	-	-	-	(24,086)	-	-	-	24,086	-
Issue of shares	18,739	192,252	-	-	-	-	-	-	210,991
Share issue expenses	-	(6,572)	-	-	-	-	-	-	(6,572)
Share options lapsed	-	-	-	-	(643)	-	-	643	-
Transactions with owners	18,739	185,680	-	(24,086)	(643)	-	-	24,729	204,419
Loss for the period	-	-	-	-	-	-	-	(47,700)	(47,700)
Other comprehensive income									
- Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	145	-	145
Total comprehensive expense for the period	-	-	-	-	-	-	145	(47,700)	(47,555)
At 30 September 2014 (unaudited)	33,704	599,251	3,988	-	5,260	(830)	(4,259)	(252,592)	384,522
Balance as at 1 January 2013 (audited)	10,181	348,344	3,988	24,692	8,408	(830)	(1,033)	(129,465)	264,285
Transfer on redemption of convertible notes	-	-	-	(606)	-	-	-	606	-
Issue of shares	4,784	66,866	-	-	-	-	-	-	71,650
Share issue expenses	-	(1,639)	-	-	-	-	-	-	(1,639)
Share options lapsed	-	-	-	-	(622)	-	-	622	-
Transactions with owners	4,784	65,227	-	(606)	(622)	-	-	1,228	70,011
Loss for the period	-	-	-	-	-	-	-	(39,672)	(39,672)
Other comprehensive expense									
- Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	(2,140)	-	(2,140)
Total comprehensive expense for the period	-	-	-	-	-	-	(2,140)	(39,672)	(41,812)
At 30 September 2013 (unaudited)	14,965	413,571	3,988	24,086	7,786	(830)	(3,173)	(167,909)	292,484

NOTES TO THE FINANCIAL RESULTS:

1. GENERAL INFORMATION

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 GEM since 7 October 2009.

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in designing, sale and retailing of a broad range of fine jewelry products. There were no significant changes in nature of the Group's principal activities from prior periods.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The principal accounting policies used in the unaudited condensed consolidated financial statements for the three months and nine months ended 30 September 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the new and revised HKFRSs issued by HKICPA that are adopted for the first time for the current accounting period of the Group. The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated 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 period are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue				
Sales	64,166	75,396	176,515	206,976
Other income				
Exchange gain, net	-	27	-	-
Gain on early redemption of convertible notes	-	-	-	451
Interest income	13	28	145	44
Reversal of impairment provision on trade receivables	10	57	118	290
Sundry income	287	113	925	411
	310	225	1,188	1,196

4. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest charges on bank and other borrowings wholly repayable within five years	3,847	2,416	7,889	7,238
Imputed interest expenses on convertible notes	90	3,721	4,103	10,595
	3,937	6,137	11,992	17,833

5. LOSS BEFORE INCOME TAX

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss before income tax is arrived at after charging:				
Auditors' remuneration	248	283	592	593
Cost of inventories recognised as expense	49,818	53,607	131,246	146,180
Depreciation	1,026	899	3,334	3,537
Written off/loss on disposals of property, plant and equipment	15	44	117	78
Change in fair value of financial assets at fair value through profit or loss	-	59	-	229
Employee benefit expense	8,064	9,018	23,723	28,916
Exchange loss, net	517	-	432	214
Operating lease rentals in respect of rented premises	10,030	11,244	36,997	34,376

6. INCOME TAX (CREDIT) EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax				
– Singapore	(317)	478	(212)	660
Deferred tax	(248)	(134)	(551)	(442)
	(565)	344	(763)	218

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 for the three months and nine months ended 30 September 2014 and 2013.

No income tax has been provided for business conducted in Singapore as there is no estimated assessable profit derived from Singapore for the three months and nine months ended 30 September 2014. Singapore income tax was calculated at the rate of 17% on the estimated assessable profit for the three months and nine months ended 30 September 2013.

No income tax has been provided for Hong Kong, the People’s Republic of China (“PRC”) and Macau as there is no estimated assessable profit derived from Hong Kong, PRC and Macau for current and preceding periods.

7. DIVIDENDS

The Board does not declare the payment of dividend for the nine months ended 30 September 2014 (nine months ended 30 September 2013: Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to owners of the Company for the three months and nine months ended 30 September 2014 of approximately HK\$17,529,000 (2013: HK\$12,452,000) and HK\$47,700,000 (2013: HK\$39,672,000) and the weighted average number for the three months and nine months ended 30 September 2014 of 3,193,326,010 (2013: 1,540,569,359 (restated)) and 2,587,626,237 (2013: 1,442,393,108 (restated)) ordinary shares in issue during the period.

The weighted average number of ordinary shares adopted in calculation of the basic earnings per share for the three months and nine months ended 30 September 2014 has been adjusted to reflect the impact of the bonus elements in the open offer completed in March 2014. The comparative figures have also been restated accordingly. Details of the open offer are set out in the Company’s prospectus dated 19 February 2014.

For the three months and nine months ended 30 September 2014 and 2013, basic loss per share is same as diluted loss per share as there was no dilutive ordinary shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2014 continues to be a difficult year for the Group, with revenue falling as a result of the downturn in the broader business environment.

The Group's sales for the three months ended 30 September 2014 were approximately HK\$64,166,000, down by 14.9% as compared with the corresponding period last year, primarily due to the downturn of the luxury retail market in Southeast Asia and Greater China and the continued austerity measures implemented by the China government in order to reign in luxury spending and crackdown on corruption. According to figures published by the Hong Kong government, the value of retail sales of jewellery, watches, clocks and valuable gifts in Hong Kong declined for seven straight months from February to August 2014. The projected decline in value for the first nine months of 2014 was 14.7% as compared with the corresponding period last year, with May, June and July being particularly hard hit, recording declines of 24.5%, 28.2% and 22.4% in value respectively. The volume of sales of jewellery, watches, clocks and valuable gifts in Hong Kong is estimated to have fallen by 12.6% over the same period.

Despite the setback in the sales environment, the Group implemented a series of initiatives to strengthen its brand in Southeast Asia, particularly in Singapore. In July 2014, the Group held its annual Larry Splendour event in Singapore. The event marked the Group's first ever stand-alone jewellery exhibition; "Timeless Classic". As well as displaying Larry Jewelry's latest collections, the exhibition also featured a spectacular light performance. As in previous years, the event proved to be very popular with the Company's long standing clients. For event in July 2014, it attracted a number of new customers, as a result of its more open format.

During the nine months ended 30 September 2014, the Group raised a total of approximately HK\$211 million as a result of an open offer and two placements, majority of which have been used to repay the Group's outstanding debts as intended. This greatly reduced the Group's interest expenses by 35.8% to HK\$3,937,000 for the three months ended 30 September 2014, and returned the Group to a healthy financial position.

FINANCIAL REVIEW

Revenue

The Group's revenue for the nine months ended 30 September 2014 was approximately HK\$176,515,000 compared to approximately HK\$206,976,000 recorded in the corresponding period last year. This represents an about 14.7% decrease, which was mainly attributed to the downturn of the luxury retail market in Southeast Asia and Greater China, and the temporary close of a store in Singapore for renovation in the second quarter of 2014.

Gross Profit

Gross profit for the nine months ended 30 September 2014 was approximately HK\$45,853,000, down approximately 24.6% from approximately HK\$60,796,000 in the corresponding period last year. The Group's gross profit margin as reported in the condensed consolidated statement of profit or loss was approximately 26.0% compared to approximately 29.4% for the corresponding period last year.

In preparing the condensed consolidated statement of profit or loss, the cost of inventories of Sharp Wonder Holdings Limited and its subsidiaries, being wholly-owned subsidiaries of the Company acquired in 2011, as at the date of acquisition was recorded at fair market value, which was 17.9% higher than the historical cost.

If all the inventories were recorded on historical cost basis, the Group's gross profit would be approximately HK\$49,153,000 for the nine months ended 30 September 2014 compared to approximately HK\$63,443,000 for the corresponding period last year.

Selling and Distribution Costs

The Group's selling and distribution costs for the nine months ended 30 September 2014 increased by about 9.0% to approximately HK\$56,053,000 as compared to approximately HK\$51,437,000 for the corresponding period last year. The increase was mainly attributable to the higher rental expenses for the replacement of the old Causeway Bay store at the junction of Hennessy Road and Percival Street by the new store located at 52 Yun Ping Road.

Administrative Expenses

The Group's administrative expenses for the nine months ended 30 September 2014 decreased by about 14.7% to approximately HK\$27,459,000 compared to approximately HK\$32,176,000 for the corresponding period last year due to the management's effort to adopt a series of effective cost control measures.

Finance Costs

The Group reduced its finance costs for the nine months ended 30 September 2014 by about 32.8% to approximately HK\$11,992,000 compared to approximately HK\$17,833,000 for the corresponding period last year, which was primarily due to the repayment of all the Group's borrowings during the nine months ended 30 September 2014.

Loss Attributable to Owners of the Company

The loss attributable to owners of the Company was approximately HK\$47,700,000 for the nine months ended 30 September 2014 compared to loss of approximately HK\$39,672,000 for the corresponding period last year. The deterioration was mainly attributable to the reduction in revenue of the Group.

Fund Raising Activities

During the nine months ended 30 September 2014, the Group completed three capital raising exercises and raised a total gross proceeds of approximately HK\$211 million, with the net proceeds therefrom had been applied as follows:

Date of announcement	Description of fund raising activities	Intended use of proceeds as announced	Actual use of proceeds as at 30 September 2014	Unutilised amount as at 30 September 2014
3 January 2014	Approximately HK\$121 million net proceeds from open offer completed in March 2014 by the issue of 1,047,518,325 offer shares at the subscription price of HK\$0.12 per offer share, on the basis of seven offer shares for every ten existing shares	(i) HK\$25 million for the redemption of part of the outstanding convertible notes	(i) All utilised as intended	Nil
		(ii) HK\$73 million for future business development of the Group	(ii) Approximately HK\$18 million has been utilised as intended, of which HK\$4 million for the Larry Splendor events held in Singapore; HK\$4 million for the renovation of Singapore store; HK\$8 million for the collaboration with international designers and the rest for the development of China distribution	Approximately HK\$55 million
		(iii) rest for the Group's general working capital	(iii) All utilised as intended	Nil
16 May 2014	Approximately HK\$28 million net proceeds from placement of 264,690,000 placing shares by placing agent to not less than six places at the placing price of HK\$0.11 per placing share	For repaying part of the outstanding loans of the Group	All utilised as intended	Nil
9 July 2014	Approximately HK\$55 million net proceeds from placement of 561,730,000 placing shares by placing agent to not less than six places at the placing price of HK\$0.10 per placing share	For repaying part of the outstanding loans of the Group	All utilised as intended	Nil

OUTLOOK

Looking ahead, we expect the business environment will remain challenging in the last quarter, however we are positive. We will continue to implement our brand revitalization strategy, with a larger focus on Singapore, which we aim to use a hub to develop our business and increase our visibility across South East Asian countries.

Following the successful placement of shares, the Group has repaid all of its borrowings and is maintaining a debt-free position. This healthier financial state means that the Group will not only benefit from the increased confidence of its trading partners and be able to secure more favourable financing terms in regards to consignments and the purchase of raw materials, but that the Group is also in a position to look for suitable investment opportunities, facilitate business expansion and enhance its earning potential.

The management is confident that the strategic initiatives being implemented and the financial resources on hand will have a positive impact on the Group, enabling the Group to grow and move forward.

SHARE OPTIONS

The Company has conditionally adopted a share option scheme on 21 September 2009 (the "Share Option Scheme") under which certain selected classes of participants (including, among others, full-time employees) may be granted options to subscribe for the shares of the Company. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix V to the prospectus of the Company, dated 29 September 2009.

Details of the movements in the share options under the Share Option Scheme during the nine months ended 30 September 2014 were as follows:

Grantee	Outstanding as at 1 January 2014	Number of share options			Outstanding as at 30 September 2014	Date of grant	Exercisable period	Adjusted exercise price (Note 1)
		Adjustments (Note 1)	Granted during the period	Exercised during the period				
Directors								
Ms. Tsang Po Yee Pauline ("Ms. Pauline Tsang") (Note 2)	6,733,790	356,891	-	-	7,090,681	10 March 2011	10 March 2011 to 9 March 2021	HK\$0.614
Mr. Tam B Ray Billy ("Mr. Tam") (Note 2)	6,733,790	356,891	-	-	7,090,681	10 March 2011	10 March 2011 to 9 March 2021	HK\$0.614
Employees	2,318,000	122,854	-	(2,440,854)	-	28 March 2012	28 March 2012 to 28 March 2015	HK\$0.631
	15,785,580	836,636	-	(2,440,854)	14,181,362			

Notes:

- Pursuant to the Company's announcement dated 13 March 2014, the exercise price and the number of outstanding share options have been adjusted as a result of the open offer completed in March 2014.
- Ms. Pauline Tsang and Mr. Tam resigned as non-executive Directors with effect from 19 September 2014. The options granted to them under the Share Option Scheme lapsed after 30 days following the date of their resignation accordingly.

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 2014, 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 would have: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director	Capacity of interests	Number of issued ordinary shares held	Number of options directly beneficially owned	Approximate percentage of shareholding to the total issued shares
Mr. Luk Kee Yan Kelvin ("Mr. Luk") (Note 1)	Beneficial owner	528,902,842	-	15.69%
Ms. Pauline Tsang (Note 2)	Beneficial owner	-	7,090,681	0.21%
Mr. Tam (Note 2)	Beneficial owner	-	7,090,681	0.21%

Notes:

1. Mr. Luk was appointed as an executive Director with effect from 7 August 2014.
2. Ms. Pauline Tsang and Mr. Tam resigned as non-executive Directors with effect from 19 September 2014. The options granted to them under the Share Option Scheme lapsed after 30 days following the date of their resignation accordingly.

Save as disclosed above, as at 30 September 2014, 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 would have to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules or to be entered in the register referred to in the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2014, 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 to the total issued shares
Mr. Luk (Note 1)	Beneficial owner	528,902,842	15.69%
Fullink Management Limited (Note 2)	Beneficial owner	265,300,000	7.87%
Mr. Tsang Michael Man-heem (Note 2)	Interest of controlled corporation	265,300,000	7.87%
UNIR (HK) Management Limited (Note 3)	Beneficial owner	195,845,000	5.81%
Dr. Ina Chan Un Chan (Note 3)	Interest of controlled corporation	195,845,000	5.81%
Diamond Well International Limited (Note 4)	Beneficial owner	172,970,900	5.13%
Ms. Zhang Ya Juan (Note 4)	Interest of controlled corporation	172,970,900	5.13%

Notes:

1. Mr. Luk was appointed as an executive Director with effect from 7 August 2014.
2. These Shares are held by Fullink Management Limited, which is beneficially owned as to 40% by Mr. Tsang, Michael Man-heem, 15% by Ms. Pauline Tsang (who resigned as non-executive Director with effect from 19 September 2014), 15% by Ms. Tsang, Becky Po Kei, 15% by Ms. Tsang, Po De Wendy and 15% by Ms. Tsang, Marina Po Hing. Ms. Pauline Tsang is a director of Fullink Management Limited.
3. UNIR (HK) Management Limited is wholly and beneficially owned by Dr. Ina Chan Un Chan.
4. Diamond Well International Limited is wholly and beneficially owned by Ms. Zhang Ya Juan.

Save as disclosed above, as at 30 September 2014, the Company had not been notified by any parties (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 which were required to be recorded in the register maintained by the company pursuant to Section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at 30 September 2014, other than the interests in shares of the Company and its associated corporations held by the Directors, the chief executives and the substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES 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

The Company did not redeem any of its shares listed on GEM, nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities during the nine months ended 30 September 2014.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an 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 during the nine months ended 30 September 2014.

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 2014.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules during the nine months ended 30 September 2014.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the nine months ended 30 September 2014.

INTEREST OF THE COMPLIANCE ADVISER

As confirmed by the Group's compliance adviser, Quam Capital Limited (the "Compliance Adviser"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 16 October 2014, none of the Compliance Adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

As at the date of this report, the audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors and one non-executive Director, namely Mr. Shum Lok To (chairman of the Audit Committee), Mr. Ong Chi King, Mr. Tso Ping Cheong Brian, and Mr. Lau Pak Hong. The condensed consolidated results of the Group for the nine months ended 30 September 2014 have not been audited by the Company’s auditor, 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 the applicable legal requirements, and that adequate disclosures have been made.

By order of the Board
Larry Jewelry International Company Limited
Luk Kee Yan Kelvin
Executive Director and Chairman

Hong Kong, 12 November 2014

As at the date of this report, the Board comprises Mr. Hon Kin Wai Caric and Mr. Luk Kee Yan Kelvin as executive Directors, Mr. Lau Pak Hong and Ms. Ngai Ki Yee May as non-executive Directors, and Mr. Ong Chi King, Mr. Shum Lok To and Mr. Tso Ping Cheong Brian as independent non-executive Directors.