



LARRY JEWELRY

INTERNATIONAL COMPANY LIMITED

Incorporated in Bermuda with limited liability Stock Code: 8351

INTERIM REPORT
2016

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This report, for which the directors (the “Directors”) of Larry Jewelry International Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 this report misleading.

The board of Directors (the “Board”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 June 2016 together with the unaudited comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 June 2016

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	3	42,552	51,610	72,895	98,998
Cost of sales		(31,553)	(39,731)	(53,789)	(77,007)
Gross profit		10,999	11,879	19,106	21,991
Other income		108	25	1,174	227
Selling and distribution expenses		(10,214)	(14,365)	(19,681)	(26,528)
Administrative and other operating expenses		(5,762)	(6,231)	(11,769)	(14,354)
Loss before tax	5	(4,869)	(8,692)	(11,170)	(18,664)
Income tax credit	6	122	159	143	318
Loss for the period attributable to owners of the Company		(4,747)	(8,533)	(11,027)	(18,346)
		HK cents	HK cents	HK cents	HK cents
Loss per share for loss attributable to owners of the Company during the period — Basic and diluted	8	(0.14)	(0.25)	(0.33)	(0.54)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2016

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income (expense)				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	73	1,519	4,500	(2,004)
Total comprehensive expense for the period attributable to owners of the Company	(4,674)	(7,014)	(6,527)	(20,350)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	6,457	7,247
Goodwill		–	–
Intangible assets		42,400	42,400
Deposit paid for acquisition of a subsidiary		60,000	60,000
Deposits		5,434	5,287
		114,291	114,934
Current assets			
Inventories	10	149,947	141,514
Trade receivables	11	30	2,583
Prepayments, deposits and other receivables		6,917	5,944
Pledged bank deposits		8,134	7,742
Cash held by securities broker		1,860	2,696
Bank balances and cash		40,896	44,885
		207,784	205,364

	Notes	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Current Liabilities			
Trade payables	12	13,556	5,498
Other payables and accruals		10,234	9,823
Tax payable		250	496
		24,040	15,817
Net current assets		183,744	189,547
Total assets less current liabilities		298,035	304,481
Non-current liabilities			
Deferred tax liabilities		7,264	7,183
Net assets		290,771	297,298
EQUITY			
Capital and reserves			
Share capital	13	33,704	33,704
Share premium and reserves		257,067	263,594
		290,771	297,298

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital HK\$'000	Share premium HK\$'000	Capital contribution reserve HK\$'000	Merger reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2016 (audited)	33,704	599,171	3,988	(830)	(14,562)	(324,173)	297,298
Loss for the period	-	-	-	-	-	(11,027)	(11,027)
- Exchange differences arising on translation of foreign operation	-	-	-	-	4,500	-	4,500
Total comprehensive expense for the period	-	-	-	-	4,500	(11,027)	(6,527)
At 30 June 2016 (unaudited)	33,704	599,171	3,988	(830)	(10,062)	(335,200)	290,771
At 1 January 2015 (audited)	33,704	599,171	3,988	(830)	(8,197)	(273,723)	354,113
Loss for the period	-	-	-	-	-	(18,346)	(18,346)
- Exchange differences arising on translation of foreign operation	-	-	-	-	(2,004)	-	(2,004)
Total comprehensive expense for the period	-	-	-	-	(2,004)	(18,346)	(20,350)
At 30 June 2015 (unaudited)	33,704	599,171	3,988	(830)	(10,201)	(292,069)	(333,763)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash (used in) generated from operating activities	(4,953)	19,912
Investing activities:		
Deposit paid for acquisition of a subsidiary	–	(60,000)
Other investing cash flows	(758)	4,263
Net cash used in investing activities	(758)	(55,737)
Net decrease in cash and cash equivalents	(5,711)	(35,825)
Cash and cash equivalents at beginning of the period	47,581	97,938
Effect of foreign exchange rate changes	886	(2,083)
Cash and cash equivalents at end of the period	42,756	60,030
Represented by:		
Bank balances and cash	40,896	59,768
Cash held by securities broker	1,860	262
	42,756	60,030

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda and its shares are listed on GEM. The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 13/F., Pacific House, 20 Queen's Road Central, Hong Kong, respectively.

The Company is an investment holding company. Its principal subsidiaries are engaged in sales of jewelry products.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" 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 under historical cost convention.

The principal accounting policies used in preparing the unaudited condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2015, except for the new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) 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 unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

3. REVENUE

Revenue represents revenue arising on retailing of jewelry products for the period. An analysis of the Group's revenue for the period is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Sale of jewelry products	42,552	51,610	72,895	98,998

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

In prior years, there were two reportable and operating segments, namely (i) design and trading of jewelry products and (ii) retailing of jewelry products.

In view of the continued insignificant operations of the design and trading of jewelry products, the CODM revised the organisation of segments that are used to allocate resources and assess performance, and considered to change its analysis based on the geographical markets of the goods sold, being (i) Hong Kong and (ii) Singapore, which is currently the basis used for the purpose of allocating resources and assessing their performance, and also the basis of organisation of the Group for managing the business operations. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Consequently, the comparative segment information for the six months ended 30 June 2015 have been re-presented in order to conform with the presentation adopted in current period. The changes in the segment information do not have any impact on the Group's unaudited condensed consolidated financial statements.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

	Hong Kong HK\$'000 (unaudited)	Singapore HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Six months ended 30 June 2016				
Segment revenue				
External sales	21,721	51,174	–	72,895
Inter-segment sales	185	–	(185)	–
Total	21,906	51,174	(185)	72,895
Results				
Segment results	(9,370)	555	–	(8,815)
Unallocated expense				(2,355)
Loss before tax				(11,170)
	Hong Kong HK\$'000 (unaudited)	Singapore HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)

Six months ended 30 June 2015

Segment revenue				
External sales	46,167	52,831	–	98,998
Inter-segment sales	2,308	–	(2,308)	–
Total	48,475	52,831	(2,308)	98,998
Results				
Segment results	(15,309)	482	–	(14,827)
Unallocated expense				(3,837)
Loss before tax				(18,664)

Segment (losses) profit represents the (losses) profit from each segment without allocation of unallocated expenses (which mainly include central administration costs and directors' salaries). This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

5. LOSS BEFORE TAX

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Loss before tax is arrived at after charging (crediting):				
Auditors' remuneration	346	165	695	330
Cost of inventories recognised as expense	31,553	39,731	53,789	77,007
Depreciation for property, plant and equipment	957	830	1,693	1,466
Loss on disposal of property, plant and equipment	-	36	-	36
Employee benefit expense	5,814	6,188	11,499	12,359
Net exchange (gain) loss	(17)	(434)	(819)	524
Operating lease payments in respect of rented premises	6,336	9,156	12,374	18,128

6. INCOME TAX CREDIT

	Three months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Singapore Corporate Income Tax				
- Over provision in prior period	(221)	-	(221)	-
Deferred taxation - current period	99	(159)	78	(318)
	(122)	(159)	(143)	(318)

No income tax has been provided for Singapore and Hong Kong as there is no estimated assessable profit derived from these tax jurisdictions for the three months and six months ended 30 June 2016 and 2015.

7. DIVIDENDS

The Board has not declared the payment of a dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: 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 six months ended 30 June 2016 of approximately HK\$4,747,000 (2015: HK\$8,533,000) and HK\$11,027,000 (2015: HK\$18,346,000) and the weighted average number of ordinary shares for the three months and six months ended 30 June 2016 of 3,370,393,075 (three months and six months ended 30 June 2015: 3,370,393,075) in issue.

There were no outstanding dilutive instruments for the three months and six months ended 30 June 2016 and 2015.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group spent approximately HK\$757,000 (six months ended 30 June 2015: HK\$61,000) on acquisition of property, plant and equipment.

10. INVENTORIES

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Raw materials	19,484	21,047
Work in progress	10,845	2,162
Finished goods	119,618	118,305
	149,947	141,514

11. TRADE RECEIVABLES

Retails sales are normally settled in cash or by credit card with the settlement from the corresponding banks or other financial institutions within 7 to 14 days. Receivables from retail sales are related to sales campaigns jointly organised with shopping malls, which are collected from the respective shopping malls within 30 to 60 days. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
0 – 30 days	6	2,567
31 – 60 days	–	9
61 – 90 days	1	1
Over 90 days	23	6
	30	2,583

12. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period:

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
0 – 30 days	8,170	5,396
31 – 60 days	5,365	101
61 – 90 days	21	1
	13,556	5,498

13. SHARE CAPITAL

	Number of shares	Share Capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2015, 31 December 2015 and 30 June 2016	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2015 (audited), 31 December 2015 (audited) and 30 June 2016 (unaudited)	3,370,393,075	33,704

14. COMMITMENTS

Operating Lease Commitments

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Within one year	22,657	21,705
In the second to fifth years inclusive	28,426	33,797
	51,083	55,502

Operating lease payments represent rentals payable by the Group for certain of its office premises and retail premises. Leases are negotiated for lease terms of 1 – 4 years.

Capital and other Commitments

The Group's capital expenditure in respect of the following items contracted but not provided in the condensed consolidated financial statements as follow:

	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Contracted but not provided for:		
Acquisition of a subsidiary (Note)	540,000	540,000

Note: Amount represented consideration (comprising (i) HK\$390,000,000 in cash and (ii) HK\$150,000,000 by the issue of 1,000,000,000 convertible bonds by the Company upon the completion at a price of HK\$0.15 each) contracted for but not provided for in the condensed consolidated financial statements for the acquisition of a subsidiary. The completion of the acquisition is subject to certain conditions precedent set out in the Company's announcement dated 11 March 2015. The deposit paid of HK\$60,000,000 had been included in the condensed consolidated statement of financial position as deposit paid for acquisition of a subsidiary.

15. EVENTS AFTER THE REPORTING PERIOD

Pursuant to a special resolution passed by the shareholders of the Company at a special general meeting held on 25 July 2016, the capital reorganisation (the “Capital Reorganisation”) as disclosed in the announcement of the Company dated 11 March 2015 was completed and took effect on 26 July 2016. Immediately following the Capital Reorganisation, the issued share capital of the Company became approximately HK\$3,370,393 divided into 337,039,307 new shares of HK\$0.01 each and a credit to the issued share capital of the Company of approximately HK\$30,333,537 was resulted. Such credit, together with other credit arising from the Capital Reorganisation would be transferred to the contributed surplus account, which would then be applied to set off against the accumulated losses of the Company as at 26 July 2016 or be applied in any other manner as may be permitted under the by-laws of the Company and all applicable laws and rules. For further details, please refer to the Company’s announcements dated 11 March 2015, 25 July 2016 and Company’s circular dated 30 June 2016.

An ordinary resolution was passed by the independent shareholders of the Company at a special general meeting held on 25 July 2016 to approve, among others, the proposed rights issue (the “Rights Issue”) on the basis of nine rights shares (the “Rights Shares”) for every one new share held at a subscription price of HK\$0.13 per Rights Share. The gross proceeds of the Rights Issue will be approximately HK\$394 million before expenses by way of issuing 3,033,353,763 Rights Shares and the estimated net proceeds of the Rights Issue will be approximately HK\$381 million. As at the date of this report, the Rights Issue has not yet been completed. For further details, please refer to the Company’s announcement, circular and prospectus dated 11 March 2015, 30 June 2016 and 3 August 2016, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in design and sale of jewelry products under the “Larry Jewelry” brand. The Group focuses on the development of products that are unique in design and of superb craftsmanship to meet the needs of individuals who have a discerning taste in jewelries.

The luxury retail market in Hong Kong remained soft in the first six months of 2016, and the Group recorded a drop in revenue of about 26.4%. According to the statistics released by the Census and Statistics Department of Hong Kong, a persistent decline in the value and volume of retail sales of jewelry, watches, clocks and valuable gifts in Hong Kong was noted during the first half year of 2016, which represented a decrease of about 21.1% and 18.0% respectively as compared with the corresponding period in 2015. Despite the weak sales performance in Hong Kong, the Group managed to achieve a better profit margin in both Hong Kong and Singapore market.

Looking ahead, the Group remains cautiously optimistic in the luxury jewelry market in long run. The Group will explore opportunities to broaden the geographic base of customers to markets outside Hong Kong and Singapore and increase its visibility across South East Asian countries. The Group also seeks to achieve a diversified customer base through the introduction of new distinctive and unique product designs to more youthful, cosmopolitan audience.

In light of the recent business environment and financial condition of the Group, the Board endeavors to seek for suitable business opportunities to diversify the Group’s existing business stream to enhance the long-term benefits of the Company and the shareholders of the Company as a whole.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2016 was approximately HK\$72,895,000 compared to approximately HK\$98,998,000 recorded in the corresponding period in 2015. This represents a decrease of about 26.4%, which was mainly attributed to the downturn of the luxury retail market in Hong Kong and the closure of Causeway Bay store in August 2015.

Gross Profit

Gross profit for the six months ended 30 June 2016 was approximately HK\$19,106,000, down by about 13.1% from approximately HK\$21,991,000 in the corresponding period in 2015. The gross profit margin of the Group was approximately 26.2% compared to approximately 22.2% for the corresponding period last year.

The improvement in the Group's gross profit margin was primarily attributable to the higher average selling price and effective discount control on jewelry products sold during the six months ended 30 June 2016 in comparison to corresponding period last year.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended 30 June 2016 decreased by about 25.8% to approximately HK\$19,681,000 compared to approximately HK\$26,528,000 for the corresponding period in 2015. The decrease was mainly attributable to the savings in overall rental costs upon the closing of Causeway Bay store and the relocation of the Central store in mid 2015.

Administrative and Other Operating Expenses

The Group's administrative expenses and other operating expenses for the six months ended 30 June 2016 decreased by about 18.0% to approximately HK\$11,769,000 compared to approximately HK\$14,354,000 for the corresponding period last year, due to the effective cost control of management and the change from exchange loss for the six months ended 30 June 2015 to exchange gain for the six months ended 30 June 2016.

Loss Attributable to Owners of the Company

Accordingly, loss attributable to owners of the Company for the six months ended 30 June 2016 decreased by approximately HK\$7,319,000 to approximately HK\$11,027,000 compared to loss of approximately HK\$18,346,000 for the corresponding period last year.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As disclosed in the announcement of the Company dated 11 March 2015, Fame Treasure Global Limited, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement on 11 March 2015 in relation to, among others, an acquisition of 100% of the issued share capital (the "Acquisition") of Tung Fong Hung Investment Limited, at a consideration of HK\$600,000,000 (the "Consideration"). The Board considers that the Acquisition can, if materialises, provide a good opportunity to the Company to diversify the existing business stream of the Group. As at 30 June 2016, HK\$60,000,000 refundable deposit was paid and the remaining consideration shall be satisfied by proposed issue of convertible bonds, net proceeds from proposed rights issue of the Company's shares (the "Shares") and the internal resources of the Company. As at the date of this report, the Acquisition is still in the process. For further details, please refer to the Company's announcements dated 11 March 2015, 30 September 2015, 2 October 2015, 29 June 2016, 30 June 2016, 25 July 2016, 26 July 2016 and the Company's circular dated 30 June 2016.

Save as disclosed above, there were no other significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2016 and there is no plan for material investments or capital assets as at the date of this report.

CAPITAL STRUCTURE

There was no change in the capital structure of the Group as at 30 June 2016 as compared with that as at 31 December 2015.

On 11 March 2015, the Board proposed to implement the Capital Reorganisation which involved, among others, the following:

- (i) the proposed share consolidation whereby every ten (10) issued and unissued shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share of HK\$0.10 each (the "Consolidated Shares");
- (ii) the proposed capital reduction (the "Capital Reduction") whereby the issued share capital of the Company will be reduced by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Shares such that the par value of each of the issued Consolidated Shares be reduced from HK\$0.10 to HK\$0.01;
- (iii) the proposed share subdivision whereby immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.10 each will be subdivided into ten (10) new shares of HK\$0.01 each (the "New Shares"); and
- (iv) the proposed share premium cancellation whereby the entire amount standing to the credit of the share premium account of the Company will be cancelled.

The shareholders of the Company approved the Capital Reorganisation at the special general meeting of the Company held on 25 July 2016. Immediately following the Capital Reorganisation which become effective on 26 July 2016, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 New Shares of HK\$0.01 each, of which 337,039,307 New Shares were in issue. Further details of the Capital Reorganisation were disclosed in the Company's announcements dated 11 March 2015, 25 July 2016 and the Company's circular dated 30 June 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group had cash and cash equivalents of approximately HK\$42,756,000 (31 December 2015: HK\$47,581,000) and pledged bank deposits of approximately HK\$8,134,000 (31 December 2015: HK\$7,742,000). As at 30 June 2016, the Group had no borrowings and nil gearing ratio (31 December 2015: Nil).

As at 30 June 2016, the Group had net current assets of approximately HK\$183,744,000 (31 December 2015: HK\$189,547,000). The current ratio of the Group as at 30 June 2016 was approximately 8.6 (31 December 2015: 13.0).

PLEDGE OF ASSETS

As at 30 June 2016, the Group's pledged bank deposits of approximately HK\$8,134,000 (31 December 2015: HK\$7,742,000) were pledged as securities for bank guarantees provided by a bank to a supplier.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 30 June 2016 and 31 December 2015.

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2016, the Group's exposure to currency risk was limited to its pledged bank deposits and trade payable denominated in United States Dollars ("USD") as majority of the Group's transactions, monetary assets and liabilities are denominated in Hong Kong Dollars ("HK\$") and Singapore Dollars ("SGD"). The Group is of the opinion that its exposure to foreign exchange rate risk is limited. The Group will continue to monitor its foreign currency exposure closely.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies with stringent credit control and monitoring policies. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that it can meet the funding requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group had 53 (31 December 2015: 55) employees, including the Directors. Total staff costs (including Directors' emoluments) for the six months ended 30 June 2016 were approximately HK\$11,499,000 (six months ended 30 June 2015: HK\$12,359,000). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employees. Year-end bonuses based on individual performance are paid to employees as recognition of, and reward for, their contributions. Other benefits include contributions to statutory mandatory provident schemes to its employees as well as share option scheme.

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

As at 30 June 2016, the interests and short positions of the Directors and chief executive 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 or short positions which they are 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 the Shares

Name of Director	Capacity of interests	Number of Shares held	Approximate percentage to the issued share capital
Mr. Luk Kee Yan Kelvin	Beneficial owner	528,902,842	15.69%

Save as disclosed above, as at 30 June 2016, none of the Directors or the chief executive 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.

Save as disclosed above, at no time during the six months ended 30 June 2016 was the Company, its subsidiaries or its other associated corporations a party to any arrangement to enable the Directors or the chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2016, the following persons/corporations (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares, which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Long Positions in the Shares

Name of shareholders	Capacity of interests	Number of Shares held	Approximate percentage to the issued share capital
Fullink Management Limited (Note 1)	Beneficial owner	265,300,000	7.87%
Mr. Tsang, Michael Man-heem (Note 1)	Interest of controlled corporation	265,300,000	7.87%
Diamond Well International Limited (Note 2)	Beneficial owner	172,970,900	5.13%
Ms. Zhang Ya Juan (Note 2)	Interest of controlled corporation	172,970,900	5.13%

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, 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 is a director of Fullink Management Limited.
2. Diamond Well International Limited is wholly and beneficially owned by Ms. Zhang Ya Juan.

Save as disclosed above, as at 30 June 2016, the Company had not been notified by any parties (other than the Directors or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares 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.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 21 September 2009 (the "Scheme") 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 of the Company dated 29 September 2009.

During the six months ended 30 June 2016, there was no share option granted, exercised, cancelled or lapsed under the Scheme and no share option remained outstanding at the beginning and at the end of the reporting period under the Scheme.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Ong Chi King resigned as an independent non-executive director of KSL Holdings Limited (Stock code: 8170) with effect from 2 June 2016, the shares of which were listed on GEM.

PURCHASE, SALE OR REDEMPTION OF 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 six months ended 30 June 2016.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling shareholders of the Company (as defined in the GEM Listing Rules) or their respective close 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 during the six months ended 30 June 2016.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for 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. The Company had made specific enquiry of all Directors and all the Directors confirmed that they had complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the six months ended 30 June 2016.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the six months ended 30 June 2016.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 June 2016.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the six months ended 30 June 2016 or at any time during the six months ended 30 June 2016.

INTEREST OF THE COMPLIANCE ADVISER

As at 30 June 2016, as confirmed by the Company's compliance adviser, Lego Corporate Finance Limited (the "Compliance Adviser"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 15 January 2016, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any material interests in the Group.

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 unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016 and this report have been reviewed by the Audit Committee.

By order of the Board

Larry Jewelry International Company Limited
Luk Kee Yan Kelvin

Executive Director and Chairman

Hong Kong, 10 August 2016

As at the date of this report, the Board comprises Mr. Hon Kin Wai 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.