

LARRY JEWELRY

INTERNATIONAL COMPANY LIMITED

Incorporated in Bermuda with limited liability Stock Code: 8351

An abstract graphic consisting of numerous thin, white, curved lines that originate from the left side and fan out towards the right, creating a sense of motion and depth against the green background.

2017

THIRD QUARTERLY REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 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”) 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 2017 together with the unaudited comparative figures for the corresponding periods in 2016, as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2017

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	109,376	79,593	317,036	152,488
Cost of sales		(73,238)	(55,455)	(205,430)	(109,244)
Gross profit		36,138	24,138	111,606	43,244
Other income		640	708	1,367	1,882
Other gains and losses		(33,830)	–	(33,731)	–
Selling and distribution expenses		(35,993)	(19,511)	(104,548)	(39,192)
Administrative and other operating expenses		(17,185)	(23,286)	(58,950)	(35,055)
Share-based payments	8	(60,507)	–	(60,507)	–
Finance costs		(3,987)	(591)	(5,069)	(591)
Loss before income tax	4	(114,724)	(18,542)	(149,832)	(29,712)
Income tax	5	(68)	(508)	(460)	(365)
Loss for the period attributable to owners of the Company		(114,792)	(19,050)	(150,292)	(30,077)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2017

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive (expense)/income				
<i>Item that may be reclassified</i>				
<i>subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	2,877	(1,271)	10,048	3,229
Total comprehensive expense for the period attributable to owners of the Company	(111,915)	(20,321)	(140,244)	(26,848)
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share for loss attributable to owners of the Company during the period				
— Basic	7	3.4	1.2	4.5
— Diluted	7	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Share capital	Share premium	Capital contribution reserve	Contribution surplus	Merger reserve	Share option reserve	Exchange reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2017 (audited)	33,704	350,520	3,988	629,505	(830)	-	(20,077)	(407,980)	588,830
Loss for the period	-	-	-	-	-	-	-	(150,292)	(150,292)
Other comprehensive income									
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	10,048	-	10,048
Total comprehensive expense for the period	-	-	-	-	-	-	10,048	(150,292)	(140,244)
Issue of share option	-	-	-	-	-	60,507	-	-	60,507
Issue of new shares upon exercise of share options	80	4,088	-	-	-	(1,448)	-	-	2,720
Issue of warrants	-	-	-	-	-	-	-	-	-
At 30 September 2017 (unaudited)	33,784	354,608	3,988	629,505	(830)	59,059	(10,029)	(558,272)	511,813
Balance as at 1 January 2016 (audited)	33,704	599,171	3,988	-	(830)	-	(14,562)	(324,173)	297,298
Loss for the period	-	-	-	-	-	-	-	(30,077)	(30,077)
Other comprehensive expense									
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	3,229	-	3,229
Total comprehensive expense for the period	-	-	-	-	-	-	3,229	(30,077)	(26,848)
Capital reorganisation	(30,334)	(599,171)	-	629,505	-	-	-	-	-
Issue of new shares upon rights issue	30,334	350,520	-	-	-	-	-	-	380,854
At 30 September 2016 (unaudited)	33,704	350,520	3,988	629,505	(830)	-	(11,333)	(354,250)	651,304

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 design and retailing of jewelry products and sales of Chinese pharmaceutical products, dried seafood, health products and foodstuffs in Hong Kong, Macau and the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The quarterly financial information has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The quarterly financial information does not include all the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016.

The amounts included in this quarterly financial information has been computed in accordance with HKFRSs issued by the HKICPA applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

The accounting policies used in the quarterly financial information for the nine months ended 30 September 2017 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

The quarterly financial information has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRSs	Annual improvements to HKFRSs 2014–2016 cycle: HKFRS 12 Disclosure of interests in other entities

The application of these amendments to HKFRSs in the current period has had no material effect on the financial performance for the current and prior periods and/or disclosures set out in the quarterly financial information.

3. REVENUE

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 recognised during the period are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue				
Sales of jewelry products	40,960	44,492	105,502	117,387
Sales of Chinese Pharmaceutical products	68,416	35,101	211,534	35,101
	109,376	79,593	317,036	152,488

4. LOSS BEFORE INCOME TAX

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss before income tax is arrived at after charging/(crediting):				
Auditors' remuneration	123	450	473	1,145
Cost of inventories recognised as expense	73,238	55,455	205,430	109,244
Net loss on redemption of convertible bonds	33,830	–	33,830	–
Share-based payment expenses	60,507	–	60,507	–
Depreciation	5,027	2,471	15,228	4,164
Written off/loss on disposals of property, plant and equipment	3	1	3	1
Employee benefit expense	18,759	10,702	59,763	22,201
Exchange loss/(gain), net	1,721	112	3,783	(707)
Operating lease rentals in respect of rented premises	18,258	11,609	55,102	23,983

5. INCOME TAX

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax				
– Hong Kong				
– current period	73	271	474	271
– Singapore				
– over provision in prior period	(4)	(2)	(294)	(223)
– The PRC				
– current period	3	255	229	255
– The Macau				
– current period	–	–	21	–
Deferred tax	(4)	(16)	30	62
	68	508	460	365

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in Bermuda and the BVI for the three months and nine months ended 30 September 2017 and 2016.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for each of the periods shown above.

Under the Enterprise Income Tax Law (the “EIT Law”) of the PRC and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in the PRC is 25% for each of the periods shown above.

6. DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 30 September 2017 (nine months ended 30 September 2016: Nil).

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss attributable to owners of the Company for the three months and nine months ended 30 September 2017 of approximately HK\$114,792,000 (2016: HK\$19,050,000) and HK\$150,292,000 (2016: HK\$30,077,000) and the weighted average number of ordinary shares for the three months and nine months ended 30 September 2017 of 3,372,512,635 and 3,371,107,356, respectively (three months and nine months ended 30 September 2016: of 1,633,144,989 and 796,692,209, respectively) in issue.

The computation of diluted loss per share for the three months and nine months ended 30 September 2017 does not assume the conversion of the Company’s outstanding share options and convertible bonds as at 30 September 2017 since their exercise would result in a decrease in loss per shares.

The computation of diluted loss per share for the three months and nine months ended 30 September 2016 does not assume the conversion of the Company’s outstanding convertible bonds since their exercise would result in a decrease in loss per shares.

8. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a share option scheme (the “SO Scheme”) on 21 September 2009 (the “Adoption Date”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the SO Scheme include any persons being employees, directors, professionals, customers, suppliers, agents and consultants of the Company and its subsidiaries. The SO Scheme will remain in force for 10 years from the Adoption Date.

The maximum number of shares issuable under share options to each eligible participant in the SO Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options to any eligible participant in excess of this limit is subject to shareholders’ approval in a general meeting. The total number of shares which may be issued upon exercise of all share options to be granted must not represent more than 10% of the nominal amount of all the issued shares of the Company (the “10% Limit”) as at the date on which trading in the shares of the Company on the Stock Exchange first commenced. The Company may seek approval from its shareholders in a general meeting to refresh the 10% Limit at any time in accordance with the GEM Listing Rules.

The maximum number of unexercised share options currently permitted to be granted under the SO Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue from time to time.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, are subject to the approval of the independent non-executive directors (excluding any independent non-executive director who is a proposed grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within a 12-month period, are subject to the shareholders’ approval in a general meeting in accordance with the GEM Listing Rules.

The grant of share options is effective upon payment of a remittance of HK\$1 in total by the grantee. The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the share options, which must be a trading day; (ii) the average closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheets for the 5 trading days immediately preceding the date of grant of the share options; and (iii) the nominal value of the Company’s shares.

During the nine months ended 30 September 2017, 337,000,000 share options were granted to directors and employees of the Group under the SO Scheme.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company’s ordinary shares.

Details of specific categories of options are as follows:

Date of grant	Vesting date	Exercise period		Exercise price	
22 August 2017	1 September 2017	1 September 2017 to 21 August 2027		HK\$0.34	
Category of participants	Exercise price HK\$	Outstanding at 1 January 2017	Granted during the period	Exercised during the period	Outstanding at 30 September 2017
Directors	0.34	–	75,000,000	(8,000,000)	67,000,000
Employees	0.34	–	262,000,000	–	262,000,000
		–	337,000,000	(8,000,000)	329,000,000

The estimated fair value of the options granted during the nine months ended 30 September 2017 on the date of grant is approximately HK\$60,507,000.

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

Share price at date of grant	HK\$0.34
Exercise price	HK\$0.34
Expected volatility	51.8%
Expected life	10 years
Risk-free rate	1.58%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price movement over the previous three months.

The Group recognised the total expense of approximately HK\$60,507,000 for the nine months ended 30 September 2017 in relation to share options granted by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group's business can be broadly categorised into two main sectors: (i) jewelry and (ii) pharmaceutical.

Jewelry

The jewelry segment focuses on 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 goods market in Hong Kong remained soft in the nine months ended 30 September 2017, and the Group recorded a drop in revenue of about 10.1% for the nine months ended 30 September 2017 as compared to the corresponding period in 2016. Despite the weak sales performance in Hong Kong, the Group managed to achieve a better profit margin in both Hong Kong and Singapore market.

The Group remains cautiously optimistic in the luxury jewelry market in the 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.

Pharmaceutical

The acquisition of the entire issued share capital in and the shareholder's loan to Tung Fong Hung Investments Limited ("TFH") was completed on 22 August 2016. Since then, TFH became the wholly-owned subsidiary of the Group.

TFH and its subsidiaries are principally engaged in the business of sourcing, processing, re-packaging and retailing of Chinese pharmaceutical products, dry seafood, health products and foodstuff in the brand name of "Tung Fong Hung" ("東方紅") in Hong Kong, Macau and the mainland China. In Hong Kong, Tung Fong Hung Medicine Company Limited, the retailing arm of TFH, is a licensed manufacturer of nine type of traditional Chinese medicine ("TCM") under the Chinese Medicine Ordinance. TFH has 15 retail shops in Hong Kong, 4 retail shops in Macau and 39 retail outlets in the mainland China as at 30 September 2017. The head office of TFH is located at Tai Po Industrial Estate in Hong Kong.

TFH's sales during the nine months ended 30 September 2017 were approximately HK\$211,534,000.

Looking ahead, TFH shall review the sales network and customer focus of TFH and to introduce more locally made products to suit the needs of domestic market through its newly refurbished food and TCM production facilities.

In light of the recent business environment and financial resources on hand, the Group will continue 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 nine months ended 30 September 2017 was approximately HK\$317,036,000, as compared to approximately HK\$152,488,000 recorded in the corresponding period last year. This represents an increase of about 108%, which was mainly attributed to the increase in TFH revenue by approximately HK\$176,433,000.

Gross Profit

Gross profit for the nine months ended 30 September 2017 was approximately HK\$111,606,000, surged by approximately 158% from approximately HK\$43,244,000 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 35.2% compared to approximately 28.4% for the corresponding period last year.

The improvement in the Group's gross profit margin was primarily attributable to the change in products mix during the nine months ended 30 September 2017.

Other Gains and Losses

The Group's other gains and losses mainly comprised of net loss on redemption of convertible bonds of approximately HK\$33,830,000 (for the nine months ended 30 September 2016: Nil).

Selling and Distribution Expenses

The Group's selling and distribution expenses for the nine months ended 30 September 2017 increased by about 167% to approximately HK\$104,548,000 as compared to approximately HK\$39,192,000 for the corresponding period last year, which was mainly due to the increase in selling and distribution expenses of TFH.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses for the nine months ended 30 September 2017 increased by about 68% to approximately HK\$58,950,000 compared to approximately HK\$35,055,000 for the corresponding period last year. The increase in administrative and other operating expenses was mainly due to the increase of administrative and other operating expense of TFH.

Finance Costs

The Group record finance costs of approximately HK\$5,069,000 for the nine months ended 30 September 2017 as compared to finance cost of approximately HK\$591,000 for the corresponding period last year, which was mainly due to interest on convertible bonds and bond issued in the third quarter 2017.

Loss Attributable to Owners of the Company

Accordingly, loss attributable to owners of the Company was approximately HK\$150,292,000 for the nine months ended 30 September 2017, as compared to the loss of approximately HK\$30,077,000 for the corresponding period last year.

ISSUE OF BONDS WITH WARRANTS AND CONVERTIBLE BONDS

On 31 July 2017, the Company issued bonds with principal amount of HK\$100,000,000 together with unlisted warrants with subscription rights to subscribe for 670,000,000 shares with subscription price of HK\$0.15 per share (subject to adjustment) on the first anniversary of issue of warrants. Details are set out in the circular of the Company dated 10 July 2017.

On 31 July 2017, the Company issued convertible bonds with principal amount of HK\$100,000,000 convertible into 400,000,000 shares at HK\$0.25 per conversion share (subject to adjustment) with maturity date of the date falling on the date being the second anniversary of the issue date of the issue date of the convertible bonds. Details are set out in the circular of the Company dated 10 July 2017.

On 4 September 2017, the Company issued convertible bonds with principal amount of HK\$210,000,000 convertible into 700,000,000 shares at HK\$0.30 per conversion share (subject to adjustment) with maturity date of the date falling on the date being the second anniversary of the issue date of the issue date of the convertible bonds. Details are set out in the circular of the Company dated 10 July 2017.

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 September 2017, 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:

INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY

Name of director	Nature of interests	Number or attributable		Approximate percentage or attributable percentage of shareholding (%)
		number of shares		
		Long position	Short position	
Shares				
Mr. Chan Wing Chung	Personal	420,000	–	0.01
Mr. Shum Lok To	Personal	3,000,000	–	0.09
Share Options				
Mr. Chan Wing Chung	Personal	32,000,000 (Note 1)	–	0.95
Mr. Wong Kui Shing Danny	Personal	33,000,000 (Note 1)	–	0.98
Mr. Tso Ping Cheong Brian	Personal	2,000,000 (Note 1)	–	0.06

Note:

- (1) The interest relates to share options granted on 22 August 2017 by the Company to the Directors. The share options are exercisable at a subscription price of HK\$0.34 for each Share during the period from 1 September 2017 to 21 August 2027.

Save as disclosed above, as at 30 September 2017, 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 nine months ended 30 September 2017 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 AND UNDERLYING SHARES

As at 30 September 2017, the following persons/corporations (other than the Directors or the chief executive of the Company) had interests or short positions in shares or underlying shares of the Company, 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 SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of shareholders	Capacity of interests	Number of issued ordinary shares held	Number of underlying shares	Approximate percentage to total issued shares at 30 September 2017
Mr. Tse Young Lai ("Mr. Tse") (Note 1)	Beneficial owner	-	200,000,000	5.92%
Best Fine International Limited ("Best Fine") (Note 2)	Beneficial owner	-	1,070,000,000	31.67%
China Huarong Asset Management Co., Limited ("CHAMCL") (Note 2)	Interest of controlled corporation	-	1,070,000,000	31.67%
China Huarong International Holdings Limited ("CHIHL") (Note 2)	Interest of controlled corporation	-	1,070,000,000	31.67%

Name of shareholders	Capacity of interests	Number of issued ordinary shares held	Number of underlying shares	Approximate percentage to total issued shares at 30 September 2017
Right Select International Limited ("Right Select") (Note 2)	Interest of controlled corporation	–	1,070,000,000	31.67%
Fullink Management Limited (Note 3)	Beneficial owner	265,300,000	–	7.85%
Mr. Tsang, Michael Manheem (Note 3)	Interest of controlled corporation	265,300,000	–	7.85%
Diamond Well International Limited (Note 4)	Beneficial owner	172,970,900	–	5.12%
Ms. Zhang Ya Juan (Note 4)	Interest of controlled corporation	172,970,900	–	5.12%

Notes:

1. These interests represented the interests in underlying shares in respect of the convertible bonds issued by the Company to Mr. Tse pursuant to the conditional placing agreement dated 16 May 2017 (as supplemented on 19 May 2017). For details, please refer to the Company announcements dated 16 May 2017 and 19 May 2017.
2. These interests represented the interests in underlying shares in respect of the convertible bonds and warrants issued by the Company to Best Fine pursuant to the conditional placing agreement dated 16 May 2017 (as supplemented on 19 May 2017). For details, please refer to the Company announcements dated 16 May 2017 and 19 May 2017.

Best Fine is wholly-owned by Right Select which is wholly-owned by CHIHL which is ultimately owned by CHAMCL. Therefore, under the SFO, Right Select are deemed to be interested in all the underlying Shares held by Best Fine and CHIHL and CHAMCL are deemed to be interested in all the underlying Shares in which Right Select had interest or deemed interest.

3. These shares are held by Fullink Management Limited, which is beneficially owned as to 40% by Mr. Tsang, Michael Manheem.
4. Diamond Well International Limited is wholly and beneficially owned by Ms. Zhang Ya Juan.

Save as disclosed above, as at 30 September 2017, 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 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.

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 nine months ended 30 September 2017, there was 337,000,000 share option granted, 8,000,000 share option exercised, no option cancelled or lapsed under the Scheme and no share option remained outstanding at the beginning and 329,000,000 remained outstanding at the end of the reporting period under the Scheme.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Hon Kin Wai resigned as an executive director, the chief executive officer, the compliance officer and an authorized representative and Ms. Ngai Ki Yee May resigned as a non-executive director, respectively, of the Company with effect from 4 October 2017.

Mr. Wong Kui Shing Danny was appointed as a compliance officer and an authorized representative with effect from 4 October 2017.

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 nine months ended 30 September 2017.

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 nine months ended 30 September 2017.

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 nine months ended 30 September 2017.

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 nine months ended 30 September 2017.

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 nine months ended 30 September 2017.

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 nine months ended 30 September 2017 or at any time during the nine months ended 30 September 2017.

INTEREST OF THE COMPLIANCE ADVISER

As at 30 September 2017, 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 Ms. Szeto Wai Ling Virginia. The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2017 and this announcement have been reviewed by the Audit Committee.

By order of the Board
Larry Jewelry International Company Limited
Szeto Wai Ling Virginia
Chairman

Hong Kong, 9 November 2017

As at the date of this report, the Board comprises Mr. Chan Wing Chung and Mr. Wong Kui Shing Danny as executive Directors, Ms. Szeto Wai Ling Virginia as non-executive Director, and Mr. Ong Chi King, Mr. Shum Lok To and Mr. Tso Ping Cheong Brian as independent non-executive Directors.