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LARRY JEWELRY INTERNATIONAL COMPANY LIMITED
俊文寶石國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 8351)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE DISPOSAL OF A SUBSIDIARY**

THE DISPOSAL

The Board announces that on 3 July 2020, the Purchaser, the Vendor and the Guarantor entered into the Agreements pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sales Shares of the Target Company at a Consideration of RMB8 million (equivalent to approximately HK\$8.8 million), subject to the terms and conditions of the Agreements. Upon Completion, the Target Company will cease to be a subsidiary of the Company.

IMPLICATIONS OF THE GEM LISTING RULES

As one or more of the applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under the GEM Listing Rules.

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THE AGREEMENTS

Date: 3 July 2020

Parties: Jumbo Ever Limited, as Vendor;

Mr. Tsao Yang* (曹陽先生), as Purchaser; and

廣州市東方紅保健品有限公司, as Guarantor.

To the best of the Directors' knowledge, information, belief and having made all reasonable enquiries, the Purchaser is an Independent Third Party.

The Target Company holds the Properties (a plant located at No. 2 Da Liane Road, Harbin Economic and Technological Development Comprehensive Industrial Zone, No. 51563 Land of Ha Guo Yong (2005) and Ha Fang Quan Zheng Kai Guo Zi No. 00055756, No. 00101694, No. 00048324 and No. 00048325) with a total area of approximately 16,715 square meters which are currently vacant.

Consideration

The consideration for the Disposal is RMB8 million (equivalent to approximately HK\$8.8 million), which was arrived at after arm's length negotiations between the parties with reference to (i) the net book value of the Properties as at 31 May 2020 of RMB 5.4 million (equivalent to approximately HK\$5.9 million) and (ii) the valuation of the Properties as at 1 July 2020 of approximately RMB8.8 million (equivalent to approximately HK\$9.7 million).

The Consideration will be / has been settled in the following manner:-

- (a) RMB3 million (equivalent to approximately HK\$3.3 million) was paid by the Purchaser to the Guarantor as the initial payment upon signing of the Agreements;
- (b) RMB3 million (equivalent to approximately HK\$3.3 million) will be paid by the Purchaser to the Guarantor as the second payment on or before 20 July 2020; and
- (c) RMB2 million (equivalent to approximately HK\$2.2 million) will be payable by the Purchaser to the Guarantor as the balance payment two days after the second payment had been made.

Condition Precedents

Completion of the Disposal is conditional upon the satisfaction of the following condition precedents:

1. the Purchaser having paid the Consideration to the Guarantor;
2. the passing of a resolution by the shareholders of the Vendor to approve the Disposal at the general meeting, where necessary; and
3. the registration processes in respect of the transfer of the equity interests of the Target Company with the relevant authorities having been completed within 15 days after the balance payment had been made.

As of the date of this announcement, none of the condition precedents set out above has been satisfied.

Completion

The Completion is expected to take place on or before 5 August 2020.

GUARANTEE

The guarantor is a fellow subsidiary of the Vendor and guarantees to the Purchaser that all debts (including but not limited to mortgages, pledges, loans, arrears, loans, etc.) incurred by the Target Company prior to Completion, and have not been disclosed to the Purchaser or the Purchaser's agent, lawyers and/or representatives are guaranteed up to RMB8 million (equivalent to approximately HK\$8.8 million).

REASONS FOR AND BENEFIT OF THE DISPOSAL

Taking into consideration the current overall economy in Hong Kong and the financial position of the Company, the Board is of the opinion that the Disposal represents a favourable opportunity to realise its investment and increase the general working capital of the Group.

The Directors (including the independent non-executive Directors) consider the terms of the Agreements are fair and reasonable, and are in the best interests of the Group and its Shareholders as a whole.

INFORMATION OF THE GROUP

The Company is incorporated in Bermuda with limited liability, the Shares of which are listed on GEM of the Stock Exchange. The principal activity of the Company is investment holding and the Group is principally engaged in the design and retailing of jewelry products and sales of Chinese pharmaceutical products, dried seafood, health products and foodstuffs.

INFORMATION OF THE PURCHASER

The Purchaser is an individual investor and a citizen of the PRC.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC. The Target Company does not have any operating activities other than holding the Properties.

Based on the unaudited consolidated management accounts of the Target Company, set out below is the financial information of the Target Company for the two financial years ended 31 December 2019 and 2018:

	For the year ended 31 December	
	2019	2018
	<i>RMB</i>	<i>RMB</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Loss before taxation	(306,119)	(480,201)
Loss after taxation	(379,667)	(632,696)
	As at 31 December	
	2019	2018
	<i>RMB</i>	<i>RMB</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Total assets	9,184,233	9,371,398
Total liabilities	(3,608,918)	(3,416,415)
Net assets	5,575,315	5,954,983

Based on the unaudited consolidated management accounts of the Target Company, the unaudited net asset value of the Target Company as at 31 May 2020 was approximately RMB5.4 million (equivalent to approximately HK\$5.9 million).

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEED

After deducting the estimated expenses attributable to the Disposal of approximately HK\$1 million, it is estimated that the Group will record a gain of approximately HK\$6.7 million from the Disposal, being the difference between (i) the Consideration of RMB8 million (equivalent to approximately HK\$8.8 million); (ii) the net asset value of the Target Company as at 31 May 2020 (i.e. approximately RMB5.4 million, equivalent to approximately HK\$5.9 million); (iii) impairment recognised in respect of the Properties at consolidation of approximately RMB6.1 million (equivalent to approximately HK\$6.7 million); and (iv) elimination of net intra-group current accounts at consolidation of approximately RMB1.7 million (equivalent to approximately HK\$1.9 million). Shareholders should note that the actual amount of the gain or loss on the Disposal to be recognised in the consolidated financial statements of the Company depends on the net asset/net liability value of the Target Company as at the date of Completion and therefore may be different from the amount mentioned above. The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

Upon Completion, the Target Company will cease to be a subsidiary of the Company, and the Company will cease to have any interest in the Target Company. The financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group following Completion.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Agreements ”	the shares transfer agreement dated 3 July 2020 entered into between the Vendor and the Purchaser and the guarantee agreement dated 3 July 2020 entered into between the Vendor, the Purchaser and the Guarantor in relation to the Disposal
“Board”	the board of Directors
“Company”	Larry Jewelry International Company Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM of the Stock Exchange (Stock Code: 8351)
“Completion”	completion of the Disposal
“Consideration”	the consideration for the Disposal pursuant to the Agreements, being RMB8 million
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares of the Target Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guarantor”	廣州市東方紅保健品有限公司, an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of and not connected with the Company and its connected persons
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	a plant located at No. 2 Da Liane Road, Harbin Economic and Technological Development Comprehensive Industrial Zone, No. 51563 Land of Ha Guo Yong (2005) and Ha Fang Quan Zheng Kai Guo Zi No. 00055756, No. 00101694, No. 00048324 and No. 00048325
“Purchaser”	Mr. Tsao Yang* (曹陽先生)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the Vendor beneficially owns the entire issued shares of the Target Company
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company ”	黑龍江金保華農業有限公司, a company incorporated in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Vendor”	Jumbo Ever Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Larry Jewelry International Company Limited
Lan Yang
Executive Director

Hong Kong, 3 July 2020

As at the date of this announcement, the Board comprises Mr. Lan Yang as an executive Director, Ms. Lai Pik Chi Peggy as a non-executive Director and Mr. Lin Qiu Fa, Mr. Chung Kwok Pong and Mr. Ke Jun as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the website of GEM (www.hkgem.com) for at least 7 days from its date of publication and on the website of the Company at www.larryjewelryinternational.com.

Unless the context requires otherwise, the following exchange rate has been used for translation for the purpose of illustration only: HK\$:RMB = 1:0.91.

** For identification purposes only.*