

LJ INTERNATIONAL INC

Form 20-F/A

May 20, 2011

Table of Contents

**U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 20-F/A
(AMENDMENT NO. 1)**

**o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g)
OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

**p ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

OR

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

OR

**o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _____

Commission file number 0-29620

LJ INTERNATIONAL INC.

(Exact name of Registrant as specified in its charter)

LJ INTERNATIONAL INC.

(Translation of Registrant's name into English)

British Virgin Islands

(Jurisdiction of incorporation or organization)

Unit #12, 12/F, Block A

Focal Industrial Centre

21 Man Lok Street

Hung Hom, Kowloon, Hong Kong

(Address of principal executive offices)

Hon Tak Ringo NG, CFO

011-852-2764-3622 (telephone)

ringong@ljintl.com (email)

011-852-2764-3783 (facsimile)

Unit #12, 12/F, Block A

Focal Industrial Centre

21 Man Lok Street

Hung Hom, Kowloon, Hong Kong

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each
class

Name of each exchange
on which registered

\$.01 Par Value Common Stock
(Common Stock)

NASDAQ

Edgar Filing: LJ INTERNATIONAL INC - Form 20-F/A

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

29,153,672 Shares of Common Stock as of December 31, 2010

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17

Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Not Applicable.

TABLE OF CONTENTS

ITEM 15. CONTROLS AND PROCEDURES

ITEM 19. EXHIBITS

SIGNATURES

EXHIBIT INDEX

EX-12.1

EX-12.2

EX-13.1

EX-13.2

Table of Contents

EXPLANATORY NOTE

LJ International Inc. (the Company) is filing this Amendment No. 1 on Form 20-F/A (this Amendment) to its Annual Report on Form 20-F for the fiscal year ended December 31, 2010, filed with the U.S. Securities and Exchange Commission (the SEC) on April 11, 2011 (the Original Filing), solely to amend its disclosure set forth in Item 15 (b) thereof regarding management's assessment of the effectiveness of the Company's internal control over financial reporting as of the end of the Company's most recent fiscal year (December 31, 2010), including a statement that the internal control over financial reporting was not effective and disclosure of a material weakness in the Company's internal control over financial reporting identified by management.

As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by our Chief Executive Officer and Chief Financial Officer are being filed as Exhibits to this Amendment under Item 19. We are also making conforming changes to the Cover Page and the Exhibit Index to this Amendment.

Except as described above, no other changes have been made to the Original Filing, and all other Items of the Original Filing have been omitted from this Amendment. The Original Filing continues to speak as of the date of the Original Filing, and we have not updated the disclosures contained therein to reflect any events which occurred at a date subsequent to the filing of the Original Filing other than as expressly indicated in this Amendment. Accordingly, this Amendment should be read in conjunction with the Original Filing and our other filings made with the SEC on or subsequent to April 11, 2011.

Table of Contents

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures.

As of the end of the period covered by this report, our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) of the Exchange Act.

Based upon that evaluation, our management has concluded that, as of December 31, 2010, our disclosure controls and procedures were effective.

(b) Management's annual report on internal control over financial reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) under the Exchange Act. Our management evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

In performing this assessment, management has determined that our Chief Financial Officer and Senior Vice President do not have sufficient expertise to prepare financial statements in accordance with U.S. GAAP since they do not have the requisite U.S. GAAP experience. In this regard, management notes that our Chief Financial Officer and Senior Vice President do not hold a license as a Certified Public Accountant in the U.S. and have not attended U.S. institutions or extended educational programs that would appear to provide enough of the relevant education relating to U.S. GAAP. Further, most of their U.S. GAAP experience is limited to knowledge gained from their current positions with us. Accordingly, management believes that we have an accounting department with limited knowledge of U.S. GAAP and that this lack of U.S. GAAP experience constitutes a material weakness.

As a result of this material weakness in our internal control over financial reporting, our management concluded that our internal control over financial reporting as of December 31, 2010 was not effective. A material weakness in internal control over financial reporting is a deficiency, or a combination of deficiencies, in internal control over financial reporting. This control deficiency could result in a material misstatement in our annual or interim financial statements that would not be prevented or detected. Accordingly, management determined that this control deficiency constitutes a material weakness in our internal control over financial reporting as of December 31, 2010.

Notwithstanding the existence of such material weakness in our internal control over financial reporting, our management, including our Chief Executive Officer and Chief Financial Officer, believe that the financial statements included in this Annual Report fairly

Table of Contents

present in all material respects our financial condition, results of operations and cash flows for the periods presented.

In order to remedy this material weakness in the future, the Company intends to adopt the International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board rather than U.S. GAAP as soon as practicable after the date hereof.

(c) Attestation report of the registered public accounting firm.

Not applicable

(d) Changes in internal control over financial reporting.

There were no changes in our internal controls over financial reporting identified in connection with the evaluation that occurred during the period covered by this Annual Report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

- 4 -

Table of Contents

ITEM 19. EXHIBITS

The following exhibits are being filed as part of this Amendment No. 1 to our Annual Report on Form 20-F:

- 1.1 Memorandum of Association of the Company*
- 1.2 Articles of Association of the Company*
- 1.3 Amendment to Articles of Association of the Company*
- 4.1 Employment Agreement of Yu Chuan Yih with the Registrant**
- 8.1 List of Significant Subsidiaries of the Company***
- 11.1 Code of Ethics****
- 12.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)
- 12.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)
- 13.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350
- 13.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350
- 15.1 Consent of Gruber & Company, LLC ***

* Incorporated by reference to the Exhibits to our Registration Statement on Form F-1 and pre-effective and post-effective amendments thereto, SEC File No. 333-7912, declared effective on April 15, 1998.

** Incorporated by reference to the Exhibits to our Annual Report on Form 20-F for the fiscal year ended December 31, 2009.

*** Previously filed as an Exhibit to our Annual Report on Form 20-F for the fiscal year ended December 31, 2010.

**** Incorporated by reference to the Exhibits to our Annual Report on Form 20-F for the fiscal year ended December 31, 2003.

Table of Contents

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Amendment No. 1 to our annual report on its behalf.

LJ INTERNATIONAL INC.

(Registrant)

Date: May 20, 2011

By: /s/ YU CHUAN YIH

Yu Chuan Yih
Chairman

Table of Contents

EXHIBIT INDEX

Exhibit

Number Description of Exhibit

1.1	Memorandum of Association of the Company*
1.2	Articles of Association of the Company*
1.3	Amendment to Articles of Association of the Company*
4.1	Employment Agreement of Yu Chuan Yih with the Registrant**
8.1	List of Significant Subsidiaries of the Company***
11.1	Code of Ethics****
12.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)
12.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)
13.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350
13.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350
15.1	Consent of Gruber & Company, LLC***

* Incorporated by reference to the Exhibits to our Registration Statement on Form F-1 and pre-effective and post-effective amendments thereto, SEC File No. 333-7912, declared effective on April 15, 1998.

** Incorporated by reference to the Exhibits to our Annual Report on Form 20-F for the fiscal year ended December 31, 2009.

*** Previously filed as an Exhibit to our Annual Report on Form 20-F for the fiscal year ended December 31, 2010.

**** Incorporated by reference to the Exhibits to our Annual Report on Form 20-F for the fiscal year ended December 31, 2003.