OVERVIEW

We are a Chinese heritage gold jewelry brand accredited by the China Gold Association, epitomizing China' intangible cultural heritage value and craftsmanship through our comprehensive product portfolio.

The origins of our Group can be traced back to 2009 when our founder, Mr. Xu, launched the first store which focus on the sales of heritage gold jewelry through Golden Treasury. Golden Treasury was established in 2004 with Mr. Xu as the major shareholder holding 70% equity interests. Through his early business in the fields of tourism, culture and handcrafts, including gold jewelry and ornaments business operated by Yueyang Hongqiao since 1995 and Golden Treasury since 2004 and stationery culture products, antique products and jewelry business operated by Stationery Culture since 2012, as founder of each of Yueyang Hongqiao, Golden Treasury and Stationery Culture and general manager of each of Golden Treasury and Stationery Culture, Mr. Xu also led the R&D activities of Golden Treasury from 2004 to December 2016 and Stationery Culture from 2012 to December 2016 and had accumulated extensive experiences in and deep understanding of the gold jewelry industry and craftsmanship, brand positioning and brand operation. Under the strong leadership of Mr. Xu, among the key brands in China's gold jewelry market, we are the only brand that focuses on the design, manufacture and sale of heritage gold jewelry according to Frost & Sullivan. For further information about Mr. Xu, please refer to "Directors, Supervisors and Senior Management — Board of Directors — Executive Directors" in this document.

In December 2016, to seek separate development of the heritage gold jewelry business from other businesses operated by Golden Treasury and streamline corporate structure, the then shareholders of Golden Treasury, namely Mr. Xu and Mr. Xu Dongbo established our Company as the principal operating entity engaging the heritage gold jewelry business and commenced a series of business restructuring with Golden Treasury. Since then, "Laopu Gold (老鋪黃金)" has been operated by our Group independently and separately from Golden Treasury.

For details of corporate development of our Company, please refer to paragraphs headed "Subsequent Capital Changes and Equity Transfers of Our Company" in this section. We have also attracted [**REDACTED**] Investors since the establishment of our Company. For details of our historical financing, please refer to the paragraphs headed "[**REDACTED**] Investments" in this section.

DEVELOPMENT MILESTONES

The following table sets forth certain development milestones of our Group:

Year	Milestones
2009	Our first store focusing on the sales of heritage gold jewelry was launched in Beijing We were the first brand in China to promote the concept of heritage gold artifact and one of the earliest to engage in brand-oriented operations for traditional handmade gold jewelry, according to Frost & Sullivan

Year	Milestones
2010	We enriched our product line by launching classical Chinese study room theme products, such as decorative ornaments, and collectible gold vessels
2014	The trademark of "Laopu Gold (老鋪黃金)" was registered
2016	Our Company was established as the principal operating entity engaging in the heritage gold jewelry
2017	We launched our self-operated online sales channel, with flagship store on Tmall
	We opened our boutique in Shenzhen, expanding our business to southeast China
	We opened our boutique in the high-end fashion mall, Beijing SKP
2018	Hong Kong Laopu was incorporated
2019	Our Company was converted into a joint stock limited company under the PRC Company Law
	We were the first in the industry to introduce diamond-inlaid pure gold jewelry, further enhancing the profit potential of heritage gold jewelry, according to Frost & Sullivan
	Macau Laopu was incorporated
2021	We were the drafting unit to draft the group standards for "Heritage Gold Artifact" (《古法金飾品》團體標準) published by the China Gold Association (中國黃金協會)
	We ranked first in terms of solidity value (價值力指數) in the Tmall Gold Category Brand Consumers' Mind List (天貓黃金品類品牌人群心智榜單) as published by Tmall
2022	We were the drafting unit to draft the group standards for "Heritage Gold Artifact with Diamonds" (《古法金鑲嵌鑽石飾品》團體標準) published by the China Gold Association
2023	We were one of the only two Chinese gold jewelry brands listed in the "2023 Hurun Supreme Brands — China's High Net-Worth Individuals' Brand Preferences Report" (《2023胡潤至尚優品—中國高淨值人群品牌傾向報告》)

OUR GROUP

As of the Latest Practicable Date, our Group comprised our Company and our three wholly-owned subsidiaries, namely Yueyang Laopu, Hong Kong Laopu and Macau Laopu which are set forth below. For details of our subsidiaries, see Note 1 to the Accountants' Report in Appendix I to this document.

	Place of Incorporation	Date of Incorporation	Shareholding Change	Principal Business activities
Our Company . . .	PRC	December 5, 2016	For details of the shareholding change of our Company, see "– Corporate Development and Shareholding Changes of Our Company" in this section	Sale of jewelry, provision of maintenance and repair services
Yueyang Laopu . .	PRC	March 28, 2018	A wholly-owned subsidiary of our Company since its establishment	Manufacture and sale of jewelry
Hong Kong Laopu	Hong Kong	January 2, 2018	A wholly-owned subsidiary of our Company since its incorporation	Sale of jewelry
Macau Laopu . . .	Macau	September 17, 2019	A wholly-owned subsidiary of our Company since its incorporation	Sale of jewelry

CORPORATE DEVELOPMENT AND SHAREHOLDING CHANGES OF OUR COMPANY

Establishment of Our Company and Business Restructuring

Our Company was established in the PRC on December 5, 2016. Upon establishment, the registered capital of our Company was RMB50 million, which was owned by Mr. Xu and Mr. Xu Dongbo as to 70% and 30%, representing RMB35 million and RMB15 million of the registered capital of our Company, respectively.

At that time, Golden Treasury, which was also owned by Mr. Xu and Mr. Xu Dongbo as to 70% and 30%, respectively, operated its businesses under two brands, "Laopu Gold (老鋪黃金)" relating the Chinese heritage gold jewelry business and "Golden Treasury" (金色寶藏) relating to cultural/travel souvenirs business.

In December 2016, to streamline corporate structure primarily based on brands and product types into three business lines, Mr. Xu planned to let (i) our Company act as the entity which primarily engaged in the heritage gold jewelry business, (ii) Stationery Culture act as the entity primarily engaged in the retail business of furniture, four treasures of study (文房四寶) and calligraphy and painting, and (iii) Golden Treasury act as the entity which primarily engaged in sales of travel souvenirs with Buddhist cultural themes. In December 2016, the traditional Chinese handcrafted gold jewelry business together with the relevant assets and liabilities were transferred from Golden Treasury to our Company.

To seek separate development of the Chinese heritage gold jewelry business and streamline corporate structure, the traditional Chinese handcrafted gold jewelry business together with the relevant assets and liabilities were transferred from Golden Treasury to our Company at consideration of approximately RMB16.88 million, which was determined with reference to (i) for the finished goods, the book value as of December 31, 2016 as valued by an Independent Third Party valuer, (ii) for the intangible assets, the value of the brand of "Laopu Gold (老鋪黃金)" as of October 31, 2016 as appraised by an Independent Third Party appraisal company; and (iii) for other assets and liabilities, the book value of those other assets and liabilities to be transferred as of December 31, 2016. As a result, our Company started to focus on the operation of the brand of "Laopu Gold (老鋪黃金)" independently.

In 2018, as Golden Treasury decided to cease its operation and proposed to dispose its operational assets and dismiss the then employees. Among all the disposed operational assets, (i) surplus display products and certain counter furnitures in the shop previously operated by Golden Treasury were acquired by our Company in September 2018, at the consideration of approximately RMB2.9 million, which was determined with reference to the book value at the relevant time. Such transfer was fully settled in December 2018; (ii) gemstones and clay teapots (紫砂壺) with relatively high collection value were transferred to Mr. Xu at the consideration of approximately RMB35.1 million which was determined with reference to a valuation report (the "**2018 Valuation Report**") appraised by an Independent Third Party. Such transfer was fully settled in December 2018 via offsetting with amounts due to Mr. Xu; (iii) products related to the business of Stationery Culture which primarily including agarwood (沉香), hardwood buddha statues (硬木佛像) and wooden packaging, etc. were transferred to Stationery Culture at the consideration of approximately RMB16.1 million which was determined with reference to the 2018 Valuation Report. Such transfer was fully settled in December 2018; and (iv) products including amber (琥珀), blue amber (藍珀) and bronze buddha statues (銅製佛像) with relatively low unit price and readily saleable to customers were transferred to Beijing Guyalin Cultural Development Co., Ltd. (北京古雅林文化發展有限公司) ("**Guyalin**"), an Independent Third Party, which was established by former employees of Golden Treasury and principally engaged in retail of tourism souvenirs, at the consideration of approximately RMB8.9 million which was determined through arm's length negotiation, with reference to, among others, the book value of assets being transferred with certain discount. Such transfer was fully settled in April 2019.

Upon disposing the above operational assets and closing the shops it used to operate, Golden Treasury ceased operation in end 2018 and was then de-registered in May 2022.

During the Track Record Period, no costs or expenses of our Group (including, without limitation, cost of sales, selling and distribution expenses, and administrative expenses) were ever borne by Golden Treasury, Guyalin or Stationery Culture, or any of their respective associates (the "**Relevant Entities**"). Therefore, it is unnecessary for the Relevant Entities to recharge such un-incurred costs or expenses to our Group.

Subsequent Capital Changes and Equity Transfers of Our Company

1. Equity Transfer in August 2017

On July 25, 2017, Mr. Xu, Mr. Xu Dongbo and Hongqiao Jinji entered into an equity transfer agreement, pursuant to which Mr. Xu and Mr. Xu Dongbo transferred the registered capital of RMB1.75 million and RMB0.75 million, approximately 3.50% and 1.50% equity interest in our Company to Hongqiao Jinji at the considerations of RMB3.36 million and RMB1.44 million, respectively.

Upon the completion of such equity transfer on August 15, 2017, our Company was owned as to 66.50%, 28.50% and 5.00% by Mr. Xu, Mr. Xu Dongbo and Hongqiao Jinji, respectively, with a registered capital of RMB50 million.

Hongqiao Jinji was established by Mr. Xu and Mr. Xu Dongbo and has been owned by Mr. Xu and Mr. Xu Dongbo as to 70% and 30%, respectively, since its establishment.

2. Capital Increase in November 2017

On September 11, 2017, the then Shareholders of our Company resolved to increase the registered capital of our Company from RMB50 million to RMB62.50 million. Mr. CHEN Guodong (陳國棟) ("**Mr. Chen**") subscribed for the increased registered capital of RMB12.5 million, representing approximately 20% of the increased equity interest in our Company, at the consideration of RMB30 million (the "**Nov-2017 Capital Increase**").

Upon the completion of such capital increase on November 22, 2017, our Company was owned as to approximately 53.20%, 22.80%, 20.00% and 4.00% by Mr. Xu, Mr. Xu Dongbo, Mr. Chen and Hongqiao Jinji, respectively, with a registered capital of RMB62.50 million.

3. Capital Increase in May 2018

On March 30, 2018, the then Shareholders of our Company resolved to increase the registered capital of our Company from RMB62.50 million to RMB119.44 million. Hongqiao Jinji, Mr. Chen and Mr. Xu subscribed for the increased registered capital of RMB53.33 million, and RMB2.5 million and RMB1.11 million representing approximately 44.65%, 2.09% and 0.93% of the increased equity interest in our Company, at the consideration of RMB240 million, RMB11.25 million and RMB5 million, respectively (the "**May-2018 Capital Increase**").

Upon the completion of such capital increase on May 9, 2018, our Company was owned as to 46.74%, 28.77%, 12.56% and 11.93% by Hongqiao Jinji, Mr. Xu, Mr. Chen and Mr. Xu Dongbo, respectively, with a registered capital of RMB119.44 million.

4. Capital Increase and Equity Transfer in November 2018

In order to implement the stock incentive scheme, on October 11, 2018, the then Shareholders of our Company resolved to increase the registered capital of our Company from RMB119.44 million to RMB132.09 million. Tianjin Jincheng and Tianjin Jinji subscribed for the increased registered capital of RMB8.81 million and RMB3.84 million, representing approximately 6.67% and 2.91% of the increased equity interest in our Company, at the consideration of RMB30,835,000 and RMB13,440,000, respectively (the "**Nov-2018 Capital Increase**").

On November 14, 2018, Tianjin Jindi and Mr. Xu entered into an equity transfer agreement, pursuant to which Mr. Xu transferred the registered capital of RMB2.58 million, representing approximately 1.95% of the increased equity interest in our Company to Tianjin Jindi at the consideration of RMB9.03 million (the "**Nov-2018 Transfer**").

Upon the completion of such capital increase and equity transfer on November 13, 2018, the shareholding of our Company was as follows:

Shareholders	**Registered capital**	**Approximate equity interest**
	(RMB)	*(%)*
Hongqiao Jinji	55,830,000	42.27
Mr. Xu	31,780,000	24.06
Mr. Chen	15,000,000	11.36
Mr. Xu Dongbo	14,250,000	10.79
Tianjin Jincheng	8,810,000	6.67
Tianjin Jinji	3,840,000	2.91
Tianjin Jindi	2,580,000	1.95
Total	**132,090,000**	**100.00**

5. Capital Increase in February 2019

In order to implement the stock incentive scheme, on December 10, 2018, the then Shareholders of our Company resolved to increase the registered capital of our Company from RMB132.09 million to RMB133.34 million. Tianjin Jinli subscribed for the increased registered capital of RMB1.25 million, representing approximately 0.94% of the increased equity interest in our Company, at the consideration of RMB4,375,000 (the "**Feb-2019 Capital Increase**").

Upon the completion of such capital increase on February 14, 2019, the shareholding of our Company was as follows:

Shareholders	Registered capital	Approximate equity interest
	(RMB)	*(%)*
Hongqiao Jinji	55,830,000	41.87
Mr. Xu	31,780,000	23.83
Mr. Chen	15,000,000	11.25
Mr. Xu Dongbo	14,250,000	10.69
Tianjin Jincheng	8,810,000	6.61
Tianjin Jinji	3,840,000	2.88
Tianjin Jindi	2,580,000	1.93
Tianjin Jinli	1,250,000	0.94
Total	**133,340,000**	**100.00**

6. *Capital Increase in May 2019*

In order to implement the stock incentive scheme, on April 23, 2019, the then Shareholders of our Company resolved to increase the registered capital of our Company from RMB133.34 million to RMB135.84 million. Tianjin Jincheng, Tijianjin Jinji and Tianjin Jinyong subscribed for the increased registered capital of RMB430,000, RMB490,000 and RMB1.58 million, representing approximately 0.32%, 0.36% and 1.16% of the increased equity interest in our Company, at the consideration of RMB1.72 million, RMB1.96 million and RMB6.32 million, respectively (the "**May-2019 Capital Increase**").

Upon the completion of such capital increase on May 10, 2019, the shareholding of our Company was as follows:

Shareholders	Registered capital	Approximate equity interest
	(RMB)	*(%)*
Hongqiao Jinji	55,830,000	41.10
Mr. Xu	31,780,000	23.40
Mr. Chen	15,000,000	11.04
Mr. Xu Dongbo	14,250,000	10.49
Tianjin Jincheng	9,240,000	6.80
Tianjin Jinji	4,330,000	3.19
Tianjin Jindi	2,580,000	1.90
Tianjin Jinyong	1,580,000	1.16
Tianjin Jinli	1,250,000	0.92
Total	**135,840,000**	**100.00**

7. *Joint-Stock Reform in November 2019*

Pursuant to the shareholders' resolutions on November 20, 2019 and the promoters' agreement dated November 20, 2019, the then existing Shareholders of our Company agreed to covert our Company into a joint stock limited liability company with a registered capital of RMB135,840,000. Pursuant to the promoters' agreement, the audited net asset value of our Company as of August 31, 2019 amounted to RMB535,162,132.13, of which (i) RMB136.50 million has been converted into 136,500,000 Shares of RMB1.00 par value each, which were subscribed by and issued to the then Shareholders of our Company in proportion to their respective equity interest in our Company; and (ii) the remaining amount of RMB398,662,132.13 was converted to capital reserve of our Company. Upon the completion of registration with the then Beijing Municipal Administration for Market Regulation (北京市東城區市場監管局) on November 25, 2019, our Company was converted into a joint stock company with limited liability and renamed as Laopu Gold Co., Ltd. (老鋪黃金股份有限公司).

Upon the completion of the joint-stock reform on November 25, 2019, the shareholding of our Company was as follows:

Shareholders	**Number of Shares**	**Approximate equity interest**
		(%)
Hongqiao Jinji	56,101,300	41.10
Mr. Xu	31,934,400	23.40
Mr. Chen	15,072,900	11.04
Mr. Xu Dongbo	14,319,200	10.49
Tianjin Jincheng	9,284,900	6.80
Tianjin Jinji	4,351,000	3.19
Tianjin Jindi	2,592,500	1.90
Tianjin Jinyong	1,587,700	1.16
Tianjin Jinli	1,256,100	0.92
Total	**136,500,000**	**100.00**

8. *Capital Increase in November 2023*

On November 7, 2023, the then Shareholders of our Company resolved to increase the share capital of our Company from 136,500,000 Shares to 142,642,500 Shares with registered capital of our Company increased from RMB136.5 million to RMB142,642,500. The three subscribers, including Xiamen Heiyi No. 3 Equity Investment Partnership (Limited Partnership) (廈門黑蟻三號股權投資合夥企業（有限合夥）) (formerly known as Suzhou Heiyi No. 3 Equity Investment Partnership (Limited Partnership) (蘇州黑蟻三號股權投資合夥企業（有限合夥）) ("**Xiamen Heiyi**"), Suzhou Yimei Investment Partnership (Limited Partnership) (蘇州逸美創業投資合夥企業（有限合夥）) ("**Suzhou Yimei**") and Fosun

Hanxing (Hangzhou) Equity Investment Fund L.P. (Limited Partnership) (復星漢興（杭州）股權投資基金合夥企業（有限合夥）) ("**Fosun Hanxing**"), subscribed for the increased share capital of 6,142,500 Shares at a total consideration of RMB225 million (the "**Nov-2023 Capital Increase**").

The respective subscription amount and consideration for each subscribers were as follows:

Subscribers	Number of Shares subscribed for	Consideration	Corresponding approximate equity interest in our Company (upon completion of the Nov-2023 Capital Increase)
		(RMB)	*(%)*
Xiamen Heiyi	2,655,800	97,282,100	1.86
Suzhou Yimei	2,121,700	77,717,900	1.49
Fosun Hanxing	1,365,000	50,000,000	0.96
Total	**6,142,500**	**225,000,000**	**4.31**

Upon the completion of such capital increase on November 9, 2023, the shareholding of our Company was as follows:

Shareholders	Number of Shares	Approximate equity interest
		(%)
Hongqiao Jinji	56,101,300	39.33
Mr. Xu	31,934,400	22.39
Mr. Chen	15,072,900	10.57
Mr. XU Dongbo	14,319,200	10.04
Tianjin Jincheng	9,284,900	6.51
Tianjin Jinji	4,351,000	3.05
Xiamen Heiyi	2,655,800	1.86
Tianjin Jindi	2,592,500	1.82
Suzhou Yimei	2,121,700	1.49
Tianjin Jinyong	1,587,700	1.11
Fosun Hanxing	1,365,000	0.96
Tianjin Jinli	1,256,100	0.88
Total	**142,642,500**	**100.00**

JOINT-CONTROL CONFIRMATION

On November 8, 2023, Mr. Xu and Mr. Xu Dongbo entered into a joint-control confirmation, pursuant to which Mr. Xu and Mr. Xu Dongbo confirmed that they have jointly controlled the management and operation of our Group since the establishment of our Company, and will continue to jointly control the management and operation of our Group. They had agreed to consult with each other and reach a unanimous consensus between themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of our Group and if there is any disagreement between them in respect of the operation and management of our Group, the decisions of Mr. Xu shall prevail. Therefore, Mr. Xu and Mr. Xu Dongbo are deemed to be concert parties who have been and will continue to act in concert in the management and operation of our Group.

STOCK INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, pursuant to the stock incentive scheme approved and adopted by our Shareholders' meeting on October 11, 2018 (the "**Stock Incentive Plan**"), in 2018 and 2019, Tianjin Jincheng, Tianjin Jinji, Tianjin Jinyong and Tianjin Jinli were established in the PRC as stock incentive platforms to implement the Stock Incentive Plan. Since the implementation of the Stock Incentive Plan, our Company granted several rounds of awards to the participants in November 2018, February 2019, May 2019, and October 2023, respectively. The participants of the Stock Incentive Plan shall become limited partners of the stock incentive platforms upon registration of their interests. The capital contribution made by the selected participants to the stock incentive platforms shall be sourced from their own funds.

Separately, to recognize contribution and support to the group of Controlling Shareholders' early business by Stationery Culture's then employees, Mr. Xu transferred part of his equity interests in our Company to Tianjin Jindi in November 2018. Same as the other four stock incentive platforms, the then selected employees of Stationery Culture became limited partners of the stock incentive platforms and had made their respective capital contribution.

All management powers of the five stock incentive platforms including Tianjin Jindi shall reside with the respective general partner. Hongqiao Jinji was appointed as the initial general partner for holding and managing the interests in each of stock incentive platforms since their respective establishment. To facilitate the management and future [**REDACTED**] of the underlying Shares of the awards, along with the last round of grant of awards pursuant to the Stock Incentive Plan through transferring Hongqiao Jinji's equity interests in the relevant stock incentive platforms to selected employees of Group in October 2023, certain participants' interests were transferred and adjusted among the stock incentive platforms and a participant representative has been elected as a new general partner by all participants in each stock incentive platform other than Tianjin Jincheng to replace Hongqiao Jinji. Details of each stock incentive platform as of the Latest Practicable Date are set forth below.

Tianjin Jincheng

Tianjin Jincheng was established in the PRC as a limited partnership on August 22, 2018. As of the Latest Practicable Date, Tianjin Jincheng had 40 limited partners, including Mr. FENG Jianjun (馮建軍) (an executive Director and deputy general manager of our Company) holding approximately 6.60% of the limited partnership interests in Tianjin Jincheng, Mr. XU Rui (徐銳) (an executive Director and general manager of the business department of our Company) holding approximately 5.38% of the limited partnership interests in Tianjin Jincheng, Mr. JIANG Xia (蔣霞) (an executive Director of our Company and the supervisor of Yueyang Laopu) holding approximately 6.45% of the limited partnership interests in Tianjin Jincheng, Ms. PENG Liuhua (彭柳華) (chairperson of the Supervisory Committee and the employee representative Supervisor of our Company) holding approximately 4.30% of the limited partnership interests in Tianjin Jincheng, Ms. XIAO Yanhui (肖豔輝) (a Supervisor of our Company) holding approximately 4.30% of the limited partnership interests in Tianjin Jincheng, Mr. SUI Wu (隋武) (a Supervisor of our Company) holding approximately 1.32% of the limited partnership interests in Tianjin Jincheng, Mr. ZHOU Yingnian (周應年) (the director and general manager of Yueyang Laopu) holding approximately 6.45% of the limited partnership interests in Tianjin Jincheng and two of their close associates (holding approximately 2.76% and 4.84% of the limited partnership interests in Tianjin Jincheng, respectively, both of them are also employees of our Group) and 31 other employees of our Group, all of which were Independent Third Parties. None of the limited partners of Tianjin Jincheng, together with their respective associates, are interested in 30% or more of the limited partnership interests in Tianjin Jincheng. Hongqiao Jinji is the general partner of Tianjin Jincheng. Thus, in effect, all management powers and voting rights of Tianjin Jincheng reside with Hongqiao Jinji. As of the Latest Practicable Date, all awards corresponding to the underlying Shares held by Tianjin Jincheng in our Company have been granted and vested and no further underlying Shares of the awards held by Tianjin Jincheng will be granted to the individual grantees before the [**REDACTED**].

Tianjin Jinji

Tianjin Jinji was established in the PRC as a limited partnership on August 22, 2018. As of the Latest Practicable Date, Tianjin Jinji had 36 limited partners, all of which were employees or former employee of our Group and the Independent Third Parties. Among the 36 limited partners, each of YU Bin (余斌) (our sales director of Central China), ZHANG Youkai (張有開) (our recruitment director) and FANG Shiqiang (方仕強) (our administration director) is interested in 10% or more of the limited partnership interests in Tianjin Jinji. None of the limited partners of Tianjin Jinji, together with their respective associates, are interested in 30% or more of the limited partnership interests in Tianjin Jinji. LIU Qiong (劉瓊), the customer service director of our Company and an Independent Third Party, is the general partner of Tianjin Jinji. Thus, in effect, all management powers and voting rights of Tianjin Jinji reside with LIU Qiong. As of the Latest Practicable Date, all awards corresponding to the underlying Shares held by Tianjin Jinji in our Company have been granted and vested.

Tianjin Jinyong

Tianjin Jinyong was established in the PRC as a limited partnership on April 22, 2019. As of the Latest Practicable Date, Tianjin Jinyong had 36 limited partners, all of which were employees of our Group and Independent Third Parties. None of the limited partners of Tianjin Jinyong, together with their respective associates, are interested in 30% or more of the limited partnership interests in Tianjin Jinyong. MA Le (馬樂), the senior manager of supply chain management of our Company and an Independent Third Party, is the general partner of Tianjin Jinyong. Thus, in effect, all management powers and voting rights of Tianjin Jinyong reside with MA Le. As of the Latest Practicable Date, all awards corresponding to the underlying Shares held by Tianjin Jinyong in our Company have been granted and vested.

Tianjin Jinli

Tianjin Jinli was established in the PRC as a limited partnership on December 11, 2018. As of the Latest Practicable Date, Tianjin Jinli had one limited partner, Ms. XIE Xiaofen (謝曉芬) who is an employee of our Group and an Independent Third Party. LIU Zhi (劉志), the finance manager of our Company and an Independent Third Party, is the general partner of Tianjin Jinli. Thus, in effect, all management powers and voting rights of Tianjin Jinli reside with LIU Zhi. As of the Latest Practicable Date, all awards corresponding to the underlying Shares held by Tianjin Jinli in our Company have been granted and vested.

Tianjin Jindi

Tianjin Jindi was established in the PRC as a limited partnership on August 22, 2018 as a stock incentive platform for the purpose of recognizing the support from the then employees of Stationery Culture to the group of Controlling Shareholders' early business. As confirmed by our Company, there had been no sharing of resources (including, without limitation, staff) between our Group and Stationery Culture which had not been fully recharged to the respective parties during the Track Record Period. Upon the recent adjustment among the stock incentive platforms made in October 2023, as of the Latest Practicable Date, Tianjin Jindi had 24 limited partners and all of them were employees or former employees of Stationery Culture and employees of our Group and were the Independent Third Parties. Among the 24 limited partners, XU Wei (徐巍) (manager of Stationery Culture) is interested in 10% or more of the limited partnership interests in Tianjin Jindi. None of the limited partners of Tianjin Jindi, together with their respective associates, are interested in 30% or more of the limited partnership interests in Tianjin Jindi. WANG Jianming (王建明), the audit manager of Stationery Culture and an Independent Third Party, is the general partner of Tianjin Jindi. Thus, in effect, all management powers and voting rights of Tianjin Jindi reside with WANG Jianming. As of the Latest Practicable Date, all awards corresponding to the underlying Shares held by Tianjin Jindi in our Company have been granted and vested.

As of the Latest Practicable Date, all awards under the Stock Incentive Plan have been fully granted and vested. All capital contribution in relation the awards granted in Tianjin Jincheng, Tianjin Jindi, Tianjin Jinji, Tianjin Jinli and Tianjin Jinyong have been fully settled by the relevant participants.

[REDACTED] INVESTMENTS

Overview

During the period from November 2017 to November 2023, our Company obtained several rounds of investments, including Nov-2017 Capital Increase, May-2018 Capital Increase and Nov-2023 Capital Increase, from the [REDACTED] Investors through subscriptions for increased registered capital of our Company. For further details, see the subsection headed "Corporate Development and Shareholding Changes of Our Company — Subsequent Capital Changes and Equity Transfers of Our Company" in this section.

Principal Terms of the [REDACTED] Investments

The following table summarizes the key terms of the [REDACTED] Investments to our Company made by the [REDACTED] Investors:

	Nov-2017 Capital Increase	May-2018 Capital Increase(1)	Nov-2023 Capital Increase
Amount of consideration paid (RMB)	30,000,000	11,250,000	225,000,000
Date of payment of full consideration	November 9, 2017	June 29, 2018	November 9, 2023
Post-money valuation of our Company (RMB) *(approximation)*	150,000,000(2)	537,480,000(3)	5,225,000,000(4)
Date of agreements	September 11, 2017	March 30, 2018	November 7, 2023
Cost per Share paid under the [REDACTED] Investments (RMB) *(approximation)*	2.40	4.50	36.63
Discount to the [REDACTED](5) *(approximation)*	[REDACTED]%	[REDACTED]%	[REDACTED]%
Basis of determination of the valuation and consideration	The valuation and consideration for each round of the [REDACTED] Investments were determined based on arm's length negotiations between our Company and the [REDACTED] Investors after taking into consideration the timing of the investments and the business, operations and status of our business and operating entities.		
Lock-up period	Pursuant to the applicable PRC law, all existing Shareholders (including the [REDACTED] Investors) could not dispose of any of the Shares held by them within 12 months following the [REDACTED].		
Use of [REDACTED] from the [REDACTED] Investments	We utilized the [REDACTED] from the [REDACTED] Investments for the principal business of our Company, including but not limited to the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, all the [REDACTED] from the [REDACTED] Investments had been utilized for expansion of our Company's business and general working capital purposes.		

	Nov-2017 Capital Increase	May-2018 Capital Increase(1)	Nov-2023 Capital Increase
Strategic benefits to our Company brought by the [REDACTED] Investors	At the time of the [REDACTED] Investments, our Directors were of the view that our Company could benefit from the additional funds provided by the [REDACTED] Investors' investments in our Company and the knowledge and experience of the [REDACTED] Investors. Our [REDACTED] Investors include professional institutional investors with comprehensive investment experiences in consumer industry which can provide us with professional advice on our Group's development (including strategy planning and acquisitions) and our corporate governance (including financial management and talent development). The [REDACTED] Investments also demonstrate the [REDACTED] Investors' confidence in the business and operation of our Company.		

Notes:

(1) The capital increase contributed by Mr. Xu and Hongqiao Jinji were not included in the above table. For details of the May-2018 Capital Increase, please see "— Corporate Development and Shareholding Changes of Our Company — Subsequent Capital Changes and Equity Transfers of Our Company — 3. Capital Increase in May 2018" of this section.

(2) The amounts settled under the Nov-2017 Capital Increase were based on arm's length negotiations, which were primarily affected by, among others, the negotiations with Mr. Chen back in April 2017 when the business prospects of our Company was at an early development stage, which in turn reflected the investment risks assumed by the relevant [**REDACTED**] Investor, including the limited number of boutiques operated by us at early development stage. Thus Mr. Chen invested our Group as a strategic investor.

(3) The amounts settled under the May-2018 Capital Increase were based on arm's length negotiations, which were primarily affected by, among others, the opening of more boutiques during the period between April 2017 and May 2018, which in turn reflected the then business prospects, results of operation and financial condition of our Group.

(4) The amounts settled under the Nov-2023 Capital Increase were based on arm's length negotiations, which were primarily affected by, among others, reference to the prevailing valuation of other comparable companies listed on the Stock Exchange at the material time, which in turn reflects lower investment risks of the relevant [**REDACTED**] Investors.

(5) Assuming the [**REDACTED**] is HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] as stated in this document) and the indicative exchange rate is HK$1.00 = RMB[**REDACTED**].

[REDACTED] Investors' Rights

Pursuant to the capital increase agreements during the [**REDACTED**] Investments, the [**REDACTED**] Investors had been granted certain special rights, including, among others, divestment rights, information rights, pre-emptive right, right of co-sale, anti-dilution right, veto rights for certain corporate actions and preferred liquidation right. Pursuant to the supplemental [**REDACTED**] Investments agreements dated May 18, 2020 and March 1, 2022 entered into and among relevant Shareholders and as confirmed by our Directors, all special rights granted to the then [**REDACTED**] Investor for the Nov-2017 Capital Increase and the May-2018 Capital Increase have been terminated. Pursuant to the shareholders agreement dated November 7, 2023 entered into and among relevant Shareholders and as confirmed by our Directors, save for the divestment rights which was terminated before the date of our first submission of the [**REDACTED**] to the Stock Exchange, all the special rights granted to the [**REDACTED**] Investors for the Nov-2023 Capital Increase will be terminated prior to the [**REDACTED**].

Information About the [REDACTED] Investors

The background information of our [**REDACTED**] Investors is set out below.

Mr. Chen

- Mr. Chen is an individual investor, who has made investments in other industries such as real estates, IT and biotech. Mr. Chen served as a director of Raycom Holdings Limited (融科智地控股有限公司) and a director and the general manager of Legend Shenzhen Science and Technology Park Limited (深圳市聯想科技園有限公司), both of which are subsidiaries of Legend Holdings Corporation (聯想控股股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 3396).

Xiamen Heiyi and Suzhou Yimei

- Xiamen Heiyi is a limited partnership incorporated in the PRC with Gongqingcheng Yiyuan Investment Partnership (Limited Partnership) (共青城逸源投資合夥企業(有限合夥)) ("**Gongqingcheng Yiyuan**") as its general partner and more than 20 limited partners. None of the limited partners, together with their associates, are interested in 30% or more of the limited partnership interests in Xiamen Heiyi. Xiamen Heiyi invests in high growth enterprises in consumer section, especially those with innovative business models and high market potential in the PRC and global markets.

- Suzhou Yimei is a limited partnership incorporated in the PRC with Gongqingcheng Yiyuan as its general partner. BA HM Hong Kong Limited, which holds approximately 98.43% interests of Suzhou Yimei as one of its limited partners is controlled by BA Capital Fund III, L.P. ("**BA Capital Fund**") and the general partner of BA Capital Fund is BA Capital Limited, which is ultimately controlled by Mr. HE Yu. The remaining limited partnership interest is held by Ant View Hong Kong Limited, which is also ultimately controlled by Mr. HE Yu. BA Capital Fund is a private equity investment fund investing in high growth consumer brands with innovative business model and high market potential in China and global markets. It has BA Capital Limited as its general partner and more than 30 limited partners. These limited partners of BA Capital Fund are mostly institutional investors, including leading global asset management funds, renowned consumer corporates and family offices. None of these limited partners holds more than 30% of equity interests in BA Capital Fund.

- Gongqingcheng Yiyuan is the general partner of Xiamen Heiyi and Suzhou Yimei. Each of Gongqingcheng Yiyuan, Xiamen Heiyi and Suzhou Yimei is ultimately controlled by Mr. HE Yu. Mr. He has extensive private equity experience in consumer industry. Mr. He founded and served as the managing partner of Shenzhen Qianhai Heiyi Innovation Investment Partnership (Limited Partnership) (深圳前海黑蟻創新投資合夥企業(有限合夥)) since February 2016 and led investments in a number of leading consumer companies, including Pop Mart International Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 9992) ("**Pop Mart**"), Giant Biogene Holding Co., Ltd, a company listed on the Main Board of the Stock Exchange (stock code: 2367) and Guangdong Yuanji Food Co., Ltd. (廣東省袁記食品集團有限公司). He has been a non-executive director of Pop Mart since May 2019. To the best knowledge of the Directors, each of Xiamen Heiyi and Suzhou Yimei and their respective ultimate beneficial owners is an Independent Third Party.

Fosun Hanxing

- Fosun Hanxing is a limited partnership established in the PRC, whose general partner is Fosun Chuangfu (Hangzhou) Enterprise management L.P. (Limited Partnership) (復星創富(杭州)企業管理合伙企業(有限合伙)). Fosun Hanxing is ultimately controlled by Shanghai Yuyuan Tourism Mall Group Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600655). Fosun Hanxing focuses on equity and equity-related investments in the fields of consumer technology. To the best knowledge of the Directors, each of Fosun Hanxing and its ultimate beneficial owner is an Independent Third Party.

Compliance With Guide for New Listing Applicants

On the basis that (i) the [**REDACTED**] Date, being the first day of [**REDACTED**] of our H Shares on the Stock Exchange will take place more than 120 clear days after the completion of the [**REDACTED**] Investments; (ii) save for the divestment rights granted to the [**REDACTED**] Investors which ceased to be effective before the date of our first submission of the [**REDACTED**] to the Stock Exchange, all the special rights granted to the [**REDACTED**] Investors will be terminated prior to the [**REDACTED**], the Sole Sponsor confirms that the [**REDACTED**] Investments as described above are in compliance with the guidance in Chapter 4.2 of the Guide for New Listing Applicants published by the Stock Exchange effective from January 1, 2024.

MAJOR ACQUISITIONS, MERGERS AND DISPOSALS

Throughout the Track Record Period and as of the Latest Practicable Date, we did not conduct any major acquisitions, mergers or disposals.

COMPLIANCE WITH LAWS AND REGULATIONS

As of the Latest Practicable Date, as advised by our PRC Legal Advisors, the establishment of our Company and transfers of equity interests and changes in registered capital (where applicable) have been properly and legally completed in compliance with the applicable laws and regulations.

As advised by our PRC Legal Advisors, our Company has obtained relevant approvals or confirmation and has registered or filed with the relevant competent authorities (where applicable) in accordance with the relevant laws and regulations in respect of its establishment and subsequent transfers of equity interests, including the [**REDACTED**] Investments as referred to above, and changes in registered capital (where applicable), and the establishment of our Company and subsequent transfers of equity interests and changes in registered capital (where applicable) are effective and legally binding.

FULL CIRCULATION

Our Company has applied for H-share full circulation to convert certain of the Unlisted Shares into H Shares as per the instructions of the relevant Shareholders. The conversion of Unlisted Shares into H Shares will involve an aggregate of 69,050,660 Unlisted Shares held by 12 existing Shareholders (i.e. 22,440,520 Unlisted Shares being held by Hongqiao Jinji, 12,773,760 Unlisted Shares being held by Mr. Xu, 7,536,450 Unlisted Shares being held by Mr. Chen, 5,727,680 Unlisted Shares being held by Mr. Xu Dongbo, 4,642,450 Unlisted Shares being held by Tianjin Jincheng, 4,351,000 Unlisted Shares being held by Tianjin Jinji, 2,592,500 Unlisted Shares being held by Tianjin Jindi, 1,587,700 Unlisted Shares being held by Tianjin Jinyong, 1,256,100 Unlisted Shares being held by Tianjin Jinli, 2,655,800 Unlisted Shares being held by Xiamen Heiyi, 2,121,700 Unlisted Shares being held by Suzhou Yimei and 1,365,000 Unlisted Shares being held by Fosun Hanxing), representing approximately [**REDACTED**]% of total issued Share capital of our Company upon the completion of the conversion of Unlisted Shares into H Shares and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

Save as disclosed in this document and to the best knowledge of our Directors, we are not aware of the intention of any existing Shareholders to convert their Unlisted Shares. See "Share Capital" in this document for further details.

PUBLIC FLOAT

The [111,639,800] Shares held by Mr. Xu, Mr. Xu Dongbo, Hongqiao Jinji and Tianjin Jincheng, representing approximately [78.27]% of our total issued Shares of our Company before the [**REDACTED**], or approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), or approximately [**REDACTED**]% of our total issued Shares upon exercise of the [**REDACTED**] in full, will not be considered as part of the public float for the purpose of Rule 8.08 of the Listing Rules as these Shareholders will constitute core connected persons of our Company upon the [**REDACTED**], the Shares held by them will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**]. The [7,536,450] Unlisted Shares held by Mr. Chen, representing approximately [5.28]% of our total issued Shares before the [**REDACTED**], or approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), or approximately [**REDACTED**]% of our total issued Shares upon exercise of the [**REDACTED**] in full, will not be considered as part of the public float for the purpose of Rule 8.08 of the Listing Rules as these Shares are Unlisted Shares which will not be converted into H Shares and [**REDACTED**] upon completion of the [**REDACTED**].

The [23,466,250] Unlisted Shares held by Mr. Chen, Tianjin Jinji, Tianjin Jindi, Tianjin Jinyong, Tianjin Jinli, Xiamen Heiyi, Suzhou Yimei and Fosun Hanxing representing [16.45]% of our total issued Shares of our Company before the [**REDACTED**], or approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), or approximately [**REDACTED**]% of our total issued Shares upon exercise of the [**REDACTED**] in full, will be converted into H Shares and [**REDACTED**] upon completion of the [**REDACTED**]. As these Shareholders will not be core connected persons of our Company upon [**REDACTED**], are not accustomed to take instructions from core connected persons of our Company in relation to the acquisition, disposal, voting or other disposition of their Shares, and their acquisition of Shares were not financed directly or indirectly by core connected persons of our Company, the H Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

Based on the above, it is expected that immediately following completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, the total number of [**REDACTED**] H Shares of our Company held by the public represents approximately [**REDACTED**]% of the total number of issued Shares of our Company. Therefore, our Company will be able to meet the minimum public float requirement under Rule 8.08 of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):

	As of the Latest Practicable Date			Immediately upon completion of the [REDACTED]		
Shareholders	**No. of Shares**	**Description of Shares**	**Approximate ownership percentage**	**Number of Shares**	**Description of Shares**	**Approximate ownership percentage[1]**
Hongqiao Jinji	56,101,300	Unlisted Shares	39.33%	[33,660,780]	Unlisted Shares	[REDACTED]%
				[22,440,520]	H Shares	
Mr. Xu	31,934,400	Unlisted Shares	22.39%	[19,160,640]	Unlisted Shares	[REDACTED]%
				[12,773,760]	H Shares	
Mr. Xu Dongbo	14,319,200	Unlisted Shares	10.04%	[8,591,520]	Unlisted Shares	[REDACTED]%
				[5,727,680]	H Shares	
Tianjin Jincheng	9,284,900	Unlisted Shares	6.51%	[4,642,450]	Unlisted Shares	[REDACTED]%
				[4,642,450]	H Shares	
Tianjin Jinji	4,351,000	Unlisted Shares	3.05%	[4,351,000]	H Shares	[REDACTED]%
Tianjin Jindi	2,592,500	Unlisted Shares	1.82%	[2,592,500]	H Shares	[REDACTED]%
Tianjin Jinyong	1,587,700	Unlisted Shares	1.11%	[1,587,700]	H Shares	[REDACTED]%
Tianjin Jinli	1,256,100	Unlisted Shares	0.88%	[1,256,100]	H Shares	[REDACTED]%

	As of the Latest Practicable Date			Immediately upon completion of the [REDACTED]		
Shareholders	**No. of Shares**	**Description of Shares**	**Approximate ownership percentage**	**Number of Shares**	**Description of Shares**	**Approximate ownership percentage[1]**
Pre-*[REDACTED] *Investors						
Mr. Chen	15,072,900	Unlisted Shares	10.57%	[7,536,450]	Unlisted Shares	[REDACTED]%
				[7,536,450]	H Shares	
Xiamen Heiyi	2,655,800	Unlisted Shares	1.86%	[2,655,800]	H Shares	[REDACTED]%
Suzhou Yimei	2,121,700	Unlisted Shares	1.49%	[2,121,700]	H Shares	[REDACTED]%
Fosun Hanxing	1,365,000	Unlisted Shares	0.96%	[1,365,000]	H Shares	[REDACTED]%
Subtotal	**142,642,500**	**–**	**100%**	**[73,591,840]**	**Unlisted Shares**	[REDACTED]**%**
				[69,050,660]	**H Shares**	
Public Shareholders	–	–	–	[REDACTED]	H Shares	[REDACTED]%
Total	**142,642,500**	**–**	**100%**	[REDACTED]	**–**	**100%**

Notes:

1 The calculation is based on the total number of [73,591,840] Unlisted Shares and [**REDACTED**] H Shares in issue immediately after completion of the [**REDACTED**] (without taking into account the H Shares to may be issued upon the exercise of [**REDACTED**]).

PREVIOUS A-SHARE LISTING ATTEMPTS

Our Company engaged Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司) ("**Huatai**") as our sponsor and submitted our application for listing of our shares (the "**A-share Listing Attempt**") on the main board of the Shenzhen Stock Exchange (the "**SZSE**") to the CSRC in June 2020. In August 2021, upon CSRC's review, our A-share Listing Attempt was not approved. Based on the decision of disapproval for the listing application of Laopu Gold Co., Ltd. (《關於不予核准老鋪黃金股份有限公司首次公開發行股票並上市申請的決定》) issued by the CSRC, the major concerns and reasons of CSRC for disapproving our Company's A-share Listing Attempt were (i) the necessity and fairness in pricing of our Company's continuing transactions with Stationery Culture, a company controlled by the Controlling Shareholders, after we had acquired the business of Golden Treasury; (ii) the reasonableness of our Company's significantly higher gross profit margin as compared to other market comparables; and (iii) the reasonableness for fund transfers between our related party and a management personnel and the external manufacturers (the "**CSRC Comments**").

In February 2022, we engaged China Securities Co., Ltd. (中信建投證券股份有限公司) ("**China Securities**") as our sponsor for the proposed second A-share Listing Attempt on the SZSE and received the notice on the completion of pre-listing tutoring from the Beijing office of the CSRC (中國證券監督管理委員會北京監管局) in June 2023 which did not constitute a listing approval for the proposed second A-share Listing Attempt by itself. Our Company submitted our second A-share Attempt in June 2023 and subsequently withdrew it in late July 2023. Nonetheless, taking into account the then development of various capital markets and our Company's view that [**REDACTED**] in international equity market will further raise our profile and market awareness worldwide, thus increasing our competitiveness, we did not continue our second A-share Listing Attempt in July 2023 and engaged the Sole Sponsor as sponsor for the [**REDACTED**] application on the Stock Exchange in August 2023. As confirmed by our Company, there was no disagreement or dispute between us and any of professional parties involved in the two previous A-share Listing Attempts. Based on the Sole Sponsor's due diligence work including, amongst others, (a) reviewing materials submitted to the CSRC on the previous A-share Listing Attempts; (b) reviewing publicly available information relating to the previous A-share Listing Attempts; and (c) conducting interviews with the Company and certain professional parties engaged in connection with the previous A-share Listing Attempts, the Sole Sponsor is not aware of any disagreement or dispute between the Company and any of the professional parties involved in the previous A-share Listing Attempts.

Our Directors are of the view that the CSRC Comments are no longer applicable or relevant to the [**REDACTED**], or render our Company not suitable for [**REDACTED**], having considered:

Continuing Transactions with Stationery Culture

For the continuing transactions with Stationery Culture, our Company purchased gold materials and products in an aggregate amount of approximately RMB1.01 million in March 2018. In addition, our Company had consignment services arrangement with Stationery Culture during the years 2017 and 2018 with total consignment fee of approximately RMB1.58 million.

Since the incorporation of our Company and the completion of the business restructuring with Golden Treasury in December 2016, while Stationery Culture engaged in stationery and furniture retail business, the products sold by them used to include a few gold artifacts. To delineate our business and that of Stationery Culture and to avoid potential competition with Stationery Culture, our Company purchased the remaining inventories of gold materials and products from Stationery Culture in 2018 with reference to the book value of such inventories.

As Stationery Culture engaged in retail business with its own store and in order to increase the exposure of our own brand, it used to provide consignment services to our Company to sell a small amount of our Company's products in its store with consignment services fees which were charged based on arm's length negotiations in 2017 and early 2018. Such services provided by Stationery Culture had been terminated since March 2018 while our Company had fast developed our own marketing, promotion and sales channels.

To avoid potential competition with our Group and prepare for the first A-share Listing Attempt, Stationery Culture had not engaged in gold jewelry business and had primarily focused on the retail business of furniture, four treasures of study (文房四寶) and calligraphy and painting since January 2019 upon obtained its revised business license. All the continuing related party transactions between our Group and Stationery Culture had been terminated since then. There were no such continuing transactions with related parties during the Track Record Period and up to the date hereof.

Higher Gross Profit Margin of our Company

In the first A-share Listing Attempt, the CSRC questioned the reasonableness of our "significantly higher" gross profit margin (which was an average of 38.6% during the then track record period) as compared to "other market comparables" (i.e., the nine companies disclosed in the application materials of the first A-share Listing Attempt with an average gross profit margin ranging from 22.1% to 26.5% during the then track record period). These companies were selected as the Company's "market comparables" in the application materials of the first A-share Listing Attempt, primarily because they were A-share listed companies with financial information publicly available at that time. However, due to their individual characteristics and circumstances, we believe that these companies do not have exactly the same business model or positioning as us. Our higher gross profit margin as compared to these companies is commercially justifiable after considering a combination of factors as explained below.

In terms of brand positioning, according to Frost & Sullivan, when evaluating whether a brand is "high-end", it primarily looks into such brand's reputation among industry veterans, and among such brand's target customers. From this perspective, Frost & Sullivan believes that objective factors such as whether a brand can successfully enter into high-end shopping malls with stringent entry requirements, and whether the brand is well-regarded by a large number of high net-worth individuals, are meaningful indicators to evaluate a brand's positioning. As compared with jewelry brands selected under these standards, our gross profit margin was generally in line with (instead of significantly higher than) our industry peers that have a similar brand positioning, according to Frost & Sullivan.

In terms of business model, according to Frost & Sullivan, jewelry brands that adopt the self-operation model generally have higher gross profit margin than that of franchise model, primarily because under the franchise model, franchisors will sell products to the franchisees at a lower price than they sell directly to end customers so that the franchisees may gain a reasonable profit. As a result, assuming the same costs of sales, the gross profit margin for products sold under self-operation model will be naturally higher than those sold under franchise model. As our Company incurred a higher level of operating expenses as a result of our fully self-operated model, such as high leasing fee and commission arising from our retail outlet located in the prime commercial centers in order to match our image, the net profit margin of our Company is relatively more comparable to that of our peers.

In terms of product mix, according to Frost & Sullivan, heritage gold jewelry generally has higher gross profit margin than other gold jewelry, primarily because it exhibits a higher level of craftsmanship complexity and usually has higher selling prices than other gold jewelry; and among heritage gold jewelry, gem-set jewelry generally has higher gross profit margin than jewelry made of pure gold only, primarily because consumers are willing to pay a premium for gem-set heritage gold jewelry that combines the richness of gold with the allure of gemstones. Accordingly, as a company focused on offering heritage gold jewelry with gem-set jewelry contributing to almost half of our total sales revenue, it is commercially justifiable for our Company to have a higher gross profit margin as compared to other gold jewelry brands who only have a small portion of heritage gold jewelry and/or gem-set jewelry in their product portfolios. In fact, the gross profit margins of our products were also generally in line with (instead of significantly higher than) the gross profit margins of the similar types of products offered by our industry peers, according to Frost & Sullivan.

For details of our gross profit margin, see "Financial Information — Results of Operations" in this document.

Fund Transfers between the Related Party and Management Personnel of our Group and our External Manufacturers

(a) the historical transactions were carried out on an ad hoc basis and had terminated since June 2020. The transactions mainly involved (i) financial assistance of approximately RMB6.0 million provided to Shenzhen Fuyuan Gongfang Culture Development Co., Ltd. (深圳市福緣工坊文化發展有限公司), an external manufacturer of our Company ("**Fuyuan Gongfang**") by Stationery Culture in December 2018 with annual interest rate of 2.75% (which was based on arms-length negotiation and in line with the market rates) which were fully repaid on time with interests as agreed in June 2020; (ii) financial assistance of approximately RMB9.0 million and RMB4.0 million provided to an external manufacturer of our Company (the "**External Manufacturer A**") by Stationery Culture in December 2018 and March 2019, respectively, with annual interest rate of 2.75% (which was based on arms-length negotiation and in line with the market rates), which were fully repaid on time with interests as agreed in February 2019 and December 2019, respectively; and (iii) a management personnel who is in charge of manufacturing activities, Mr. Zhou Yingnian (周應年) ("**Mr. Zhou**"), upon requests from his acquaintances including representatives of External Manufacturer A and another external manufacturer of our Company (the "**External Manufacturer B**") and certain individuals which are Independent Third Parties (the "**Independent Individuals**", collectively with representatives of the External Manufacturers A and B, "**Zhou's Acquaintances**") to do a personal favor, acted as an escrow agent to temporarily hold the aggregate transaction amounts of approximately RMB3.34 million in escrow for Zhou's Acquaintances dealing with each other in their respective transactions of sales and purchase of gold materials among Zhou's Acquaintances for their own business and were irrelevant to our Group and our business during the period between October 2017 and October 2018. Save for the above-mentioned transactions, Mr. Zhou did not act as escrow agent for any other transactions among our Group's related parties, suppliers and customers during the Track Record Period and up to the Latest Practicable Date;

(b) the above-mentioned financial assistance to Fuyuan Gongfang and External Manufacturers A from Stationery Culture were made to facilitate the external manufacturers to alleviate their temporary working capital shortfalls after considering the long-standing business relationships with these external manufacturers. As advised by our PRC Legal Advisors, according to the General Lending Provisions (《貸款通則》), any financing arrangements or lending transactions between non-financial institutions is prohibited and the PBOC may impose on the non-compliant lender a fine of one to five times the income received by the lender from such loans. Our PRC Legal Advisors further advised that notwithstanding the Provisions on Several Issues concerning the Application of Law in the Trial of Private Lending Cases by the Supreme People's Court of the PRC (Revised for the Second Time in 2020) (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》(2020年第二次修正)) (the "**Judicial Interpretations of Private Lending**"), the Supreme People's Court recognizes the validity of financing arrangements and lending transactions between non-financial institutions so long as such agreements are for business operation purposes and do not fall in to certain situations (including violation of mandatory laws or administrative regulations, violation of public order and good customs, malicious collusion to damage the legitimate rights and interests of third parties, etc.) stipulated in the Civil Code and the Judicial Interpretations of Private Lending. As advised by our PRC Legal Advisors, the financial assistance between Stationery Culture and the external manufacturers as mentioned above are for business operation purposes, and do not fall into the above-mentioned situations which lead to the invalidation of such loan agreements. Our PRC Legal Advisors are of the view that given the above-mentioned transactions were carried out by Stationery Culture, the risk of our Company being imposed with such penalty under the General Lending Provisions is remote;

(c) the escrow arrangements between Mr. Zhou and Zhou's Acquaintances were purely personal affairs of Mr. Zhou, based on their friendship and Mr. Zhou's extensive experience and reputation in the industry. Mr. Zhou became acquainted with Zhou's Acquaintances through daily business communication. Mr. Zhou happened to know the representative of the External Manufacturer B had surplus gold materials to sell. Due to his extensive experience in the industry, Mr. Zhou was familiar with market demands in different cities and became aware of that the representative of the External Manufacturer A and the Independent Individuals had the intentions to purchase gold materials. Thus, as a personal favor, Mr. Zhou informed Zhou's Acquaintances about the above information. Given Zhou's Acquaintances (as the vendor and purchasers of such gold materials) were located in different cities and were not familiar with each other and relevant local market conditions, in order to ensure the safety of the gold materials and manage counter-party risks, and considering Mr. Zhou's extensive experience and reputation in the industry (i.e. at the time of the escrow arrangements, Mr. Zhou has over 10 years' experience in procurement and production management in gold jewelry industry, through which he had gained extensive knowledge of the market conditions and became familiar with those external manufacturers. He was also well-recognized in the industry. Mr. Zhou was one of the drafters of the group standards for "Heritage Gold Artifact" (《古法金飾品》團體標準) and "Heritage Gold Artifact with Diamonds" (《古法金鑲嵌鑽石飾品》團體標準)

published by the China Gold Association (中國黃金協會). Mr. Zhou also served as a member of the National Technical Committee 379 on Gold of Standardization Administration of China (全國黃金標準化技術委員會) and an observer of the National Technical Committee 256 on Jewelry of Standardization Administration of China (全國首飾標準化技術委員會), Mr. Zhou was asked to do a personal favor and be an escrow agent for the transactions. Considering that the relevant transaction parties were his acquaintances, the funds would only be held for a very short period of time (i.e. usually not more than two days) by him and no his own fund would be involved, Mr. Zhou believed that the risk for him to acting as an escrow agent was remote. Thus, Mr. Zhou agreed to do such personal favor. Mr. Zhou did not receive any benefits arising from such arrangements. Further, our internal control policies do not allow our staff to carry out any side business and receive benefits accordingly. As there were no further needs for the sales of gold material among Zhou's Acquaintances, no such escrow arrangement was requested for the transactions between (i) representatives of the External Manufacturers A and B since late October 2018 and (ii) representative of the External Manufacturer B and the Independent Individuals since late June 2018, respectively. Mr. Zhou has been the manager of production department of our Company and director and general manager of our subsidiary Yueyang Laopu, responsible for procurement and outsourced production during the Track Record Period and up to the Latest Practicable Date. Although such escrow arrangements were irrelevant to our Group and our businesses, our Company implemented internal disciplinary policy reinforcing our internal control policies in October 2020 to prevent the re-occurrence of such arrangements or similar nature made by our management or employees;

(d) Fuyuan Gongfang was one of our top five suppliers for each year comprising the Track Record Period with the transaction amount of approximately RMB16.0 million, RMB13.1 million and RMB38.8 million, in 2021, 2022 and 2023, respectively. The External Manufacturer A was one of our suppliers during the period from 2020 to 2022 and ceased to be our supplier in 2023 as we decided to engage another external manufacturer which was more competitive in terms of, among others, industry reputation and scope of services would be provided. The External Manufacturer B was our supplier only in 2020 and 2021 and had ceased to be our supplier since 2022 as our Company became aware of that the External Manufacturer B decided not to primarily focus on manufacturing of jewelry but started retail business which could not meet our requirements for an external manufacturer and may have potential business competition with our Company. The transaction amount of each of the External Manufacturers A and B accounted no more than 0.7% of the Group's total purchase amount in each of the year/period during the Track Record Period. We determine the pricing terms with all our external manufacturers (including Fuyuan Gongfang and the External Manufacturers A and B) following the same set of principles, and the relevant processing fees are calculated based on the weight of the products and the difficulty of the crafting techniques used. Thus, based on the above factors, the processing fee for each product with each of Fuyuan Gongfang and the External Manufacturers A and B during the Track Record Period, which were determined on an arm's length basis, may be different from the processing fee for each product and with each other external manufacturers but were in line with the pricing principles with our other external manufacturers. The credit terms and agreement term for each of Fuyuan Gongfang and the External Manufacturers A and B were comparable with those of our other external manufacturers during the Track Record Period, for details of which, please refer to the paragraphs headed "Business — Procurement and Production — Production — Outsourced Production" in this document. No favorable (or unfavorable) terms was provided to Fuyuan Gongfang and the External Manufacturers A and B as compared with our other external manufacturers. Each of Fuyuan Gongfang and the External Manufacturers A and B is an Independent Third Party.

(e) neither our Company nor any of our subsidiaries were involved in each of the transactions between the related party/employee and the external manufacturers and the source of such fund transfers is the related party's and the external manufacturers' own fund. Such transactions were not related to the engagement by our Group of such external manufacturers and our Group had not obtained any favorable terms or lowered costs from such external manufacturers in connection with such fund transfers;

(f) none of the Directors and management of our Company (except for Mr. Zhou) has participated in the above-mentioned transaction between the related parties and external manufacturers; and

(g) our Company was aware of above fund transfers in 2020 during the first A-share Listing Attempt when preparing responses to CSRC's comments regarding whether there were any fund transfers between our related parties (including senior management) and customer/suppliers. This was not an uncommon question from the CSRC. We informed the CSRC of the financial assistance provided by Stationery Culture to Fuyuan Gongfang and the External Manufacturer A, respectively, to address its comments and informed the CSRC of the fund transfers under the above-mentioned escrow arrangements in the responses voluntarily. Upon such awareness, has conducted an internal review of the transactions between our related parties/employees and the external manufacturers. Although neither our Company nor any of our subsidiaries were involved in and none of the Directors and management of our Company (except for Mr. Zhou) has participated in such fund transfer and such fund transfers were not related to the engagement by our Group of such external manufacturers, our Company identified that our internal control measures on preventing such fund transfers between our related parties/employees and the external manufacturers were limited and could be further enhanced. Thus our Company reinforced our internal control policies to prevent the re-occurrence of transactions of a similar nature, i.e. regular trainings were provided to the procurement staffs reinforcing their existing knowledge, detailed internal disciplinary notice and guidelines relating to financial management and self-examination (i.e. the Notice of Re-emphasizing External Work Disciplines (《關於再次強調對外工作紀律的通知》published by our Company and the Commitment Letter (《崗位承諾書》) executed by procurement staffs on an annual basis among others, to confirm that there were no fund transfers between procurement staffs and the external manufacturers) were provided to responsible staff, senior management and Directors and coordination and reporting arrangements within our Group were reinforced to monitor and prevent re-occurrence of similar transactions. Since the termination of such transactions in June 2020 and up to the Latest Practicable Date, no such transactions had occurred or remained outstanding. Our Company is of the view that given no similar transactions had occurred or remained outstanding, the enhanced internal control measures effectively achieved the intention for which they were established, to which the Sole Sponsor concurs.

The reporting accountants have audited our Group's historical financial information for the Track Record Period and opined that the historical financial information gives a true and fair view of our Group's financial position and financial performance during the Track Record Period detailed in Appendix I to this document.

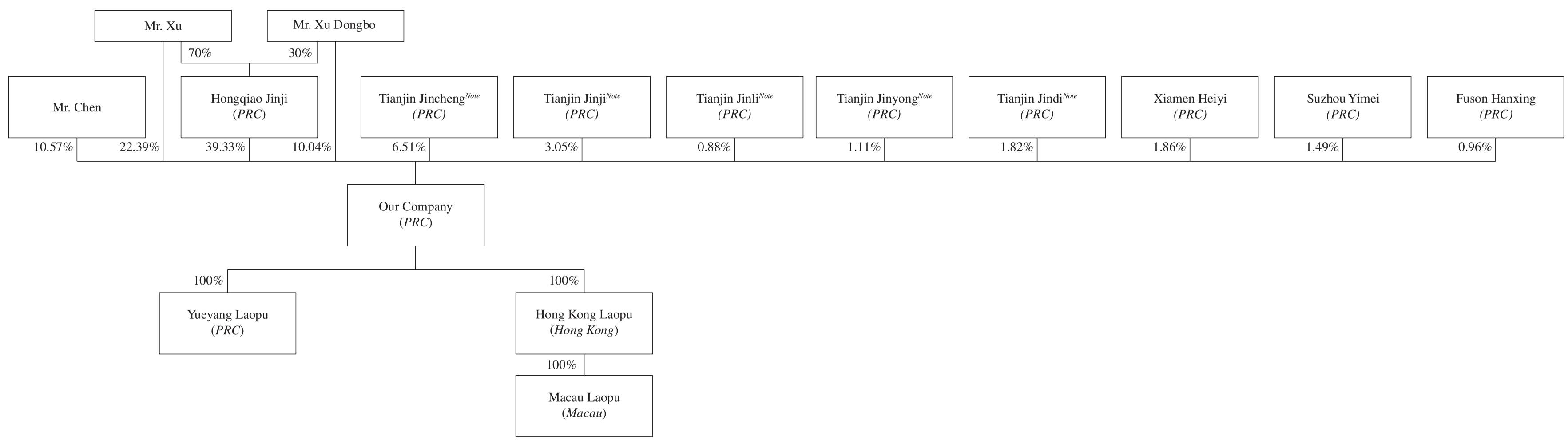
Our Directors further confirm, and the Sole Sponsor concurs, that there is no other material matter in relation to our previous A-share listing attempts that needs to be brought to the attention of the Stock Exchange or our investors.

Taking into account the then development of various capital markets and our Company's view that [**REDACTED**] in international equity market will further raise our profile and market awareness worldwide, thus increasing our competitiveness, our Company decided to pursue the [**REDACTED**] on the Stock Exchange.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Corporate Structure Immediately Before Completion of the [REDACTED]

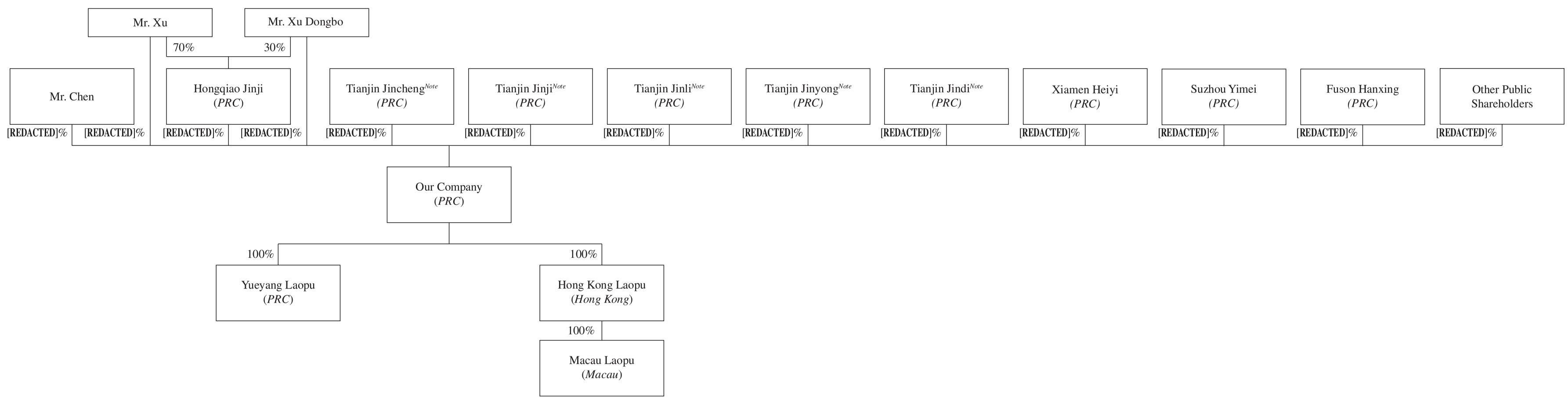
The chart below sets out the shareholding structure of our Company immediately before completion of the **[REDACTED]**:



Note: As of the Latest Practicable Date, the general partner of Tianjin Jincheng, Tianjin Jinji, Tianjin Jinli, Tianjin Jinyong and Tianjin Jindi is Hongqiao Jinji, LIU Qiong, LIU Zhi, MA Le and WANG Jianming, respectively.

Corporate Structure Immediately After Completion of the [REDACTED]

The chart below sets out the shareholding structure of our Company immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):



Note: As of the Latest Practicable Date, the general partner of Tianjin Jincheng, Tianjin Jinji, Tianjin Jinli, Tianjin Jinyong and Tianjin Jindi is Hongqiao Jinji, LIU Qiong, LIU Zhi, MA Le and WANG Jianming, respectively.