You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the* [**REDACTED**] *of our H Shares could decline, and you may lose all or part of your* [**REDACTED**].

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in a highly competitive industry and if we are unable to compete effectively, our sales, profitability and growth prospects may be materially and adversely affected.

The jewelry industry is highly competitive, and we face competition at an international, regional and national level. The jewelry market is characterized by the presence of well-established brands recognized for offering original and trendy designs and high-quality products with distinctive brand characteristics. Jewelry brands compete mainly on the basis of their brand image, the popularity and quality of their products, their sales network, the success of their marketing efforts and the quality of their customer service. Our competitors may have greater brand recognition or financial resources than we do, and they may be able to respond more quickly than we can to emerging market trends. In addition, there is a recent trend that certain wholesalers for gold and jewelry products begin to offer services to individual consumers. Such wholesalers may appeal to price-sensitive consumers due to their smaller price premium.

Competition in our market could cause us to increase capital investment, increase marketing and other expenditures or prevent us from increasing prices to recover higher costs, thereby causing us to reduce margins or lose market share. If we fail to compete effectively against our competitors, our business, results of operations, financial condition and growth prospects may be materially and adversely affected.

If we are unable to respond effectively to changes in market trends and customer preferences, our market share and result of operations could be adversely affected.

The success of our business is dependent on our ability to identify market trends and customer preferences, and then to design and bring to market in a timely manner products that satisfy the current preferences of a broad range of customers, by either enhancing existing products or developing new product offerings. However, customer preferences may shift over time in response to changing economic circumstances. If we fail to anticipate or respond to changes in customer preferences or fail to bring to market in a timely manner products that satisfy new preferences, our market share and our sales and profitability could be adversely affected.

We depend on the impact of our "老鋪黃金" (LAOPU GOLD) brand, and any deterioration in our brand could have an adverse effect on our sales, profitability and the implementation of our growth strategy.

We consider our "老鋪黃金" (LAOPU GOLD) brand to be one of our most important assets. Our sales of jewelry products rely on the strength of our brand. The strength of our brand is based on our reputation for providing authentic and high quality products with superior craftsmanship, complemented by consistent customer service across all of our boutiques. Our image is also built on our ability to control the perception of our brand, our product designs, the materials used to make our products, the presentation and quality of our products, the image of the boutiques in which our products are sold and the effectiveness of our brand messaging.

Failure to manage any of the above factors or the failure of our promotion and other activities to distinguish and further strengthen our brand could adversely affect the value and perception of our brand and image, as well as our ability to maintain existing or attract new customers. In addition, our reputation and image may be negatively affected by certain factors which are beyond our control. For example, although we have never entered into any arrangement with any KOLs or fashion buyers to purchase our products and then resell them to other customers, we notice that the purchase amount and frequency from certain of our customers were higher than that of other customers, which may indicate that such buyers are not making the purchases purely for themselves. See "Business — Our Customers and Suppliers — Our Customers" in this document. The subsequent sales of such buyers, if any, are totally beyond our control, and there is no guarantee that they will not resell our products with defects caused by them or replace our products with counterfeit ones, which may deteriorate our image and reputation among customers. Should our brand or image deteriorate, we may not be able to maintain our current prices and/or sales volumes or introduce new products or enter new markets, which may materially and adversely affect our business, results of operations, financial condition and our growth strategies.

Fluctuations in prices, or any unavailability, of the raw materials that we use in our products may materially and adversely affect our business, results of operations or financial condition.

Our purchases of raw materials represent the largest component of our cost of sales, and significant fluctuations in the prices of raw materials, which primarily include gold, can have a significant effect on our business, results of operations and financial condition.

Gold prices may be affected by a number of factors, such as (i) industrial and jewelry demand, (ii) lending, sales and purchases of gold by government agencies (including central banks) and multilateral institutions that hold gold, and other proprietary trading and (iii) sales of recycled gold, levels of gold production, production costs and supply disruptions in major gold-producing nations, such as South Africa, the United States and Australia. Gold prices may also be affected by factors resulting from how gold markets are structured, such as non-concurrent trading hours of gold markets and, at times, rapid short-term changes in supply and demand because of speculative trading activities. Other factors affecting the price of gold include the structure of, and confidence in, the global monetary system, expectations of the rate of inflation, the relative strength of, and confidence in, the US dollar (the currency in which the price of gold is generally quoted), interest rates, gold borrowing and lending rates, and global or regional economic, political, regulatory, judicial or other events, as well as wars and other upheavals. In addition, we are susceptible to the fluctuations in gold prices, as we do not have any hedging instruments to manage such fluctuations.

Our revenue growth during the Track Record Period was partially attributable to the continuous rise in the gold price, which boosted consumers' willingness to purchase gold products, mainly as gold jewelry products not only have consumption values, but are also considered by many consumers as having certain investment values. However, we cannot assure you that the gold prices will maintain at current level or continue to increase. If gold prices decrease in the future, consumers may perceive gold jewelry as less valuable or may prefer other investment options, leading to reduced demand for our products and affecting our sales and revenue. In addition, our inventories are stated at the lower of cost and net realizable value. During the Track Record Period, the vast majority of our inventories consisted of gold inventories, and therefore the fluctuations in our inventories was mainly influenced by changes in the purchase price of gold and the quantity of gold inventories we held. In the future, a decrease in gold prices may also result in a decrease in the carrying value of our inventories, negatively affecting our financial statements.

We use diamonds in our jewelry production and a majority of the world's supply of rough diamonds is controlled by a limited number of diamond mining firms. Any decisions made by this limited number of diamond mining firms to restrict the supply of rough diamonds could substantially impair our ability to source diamonds at commercially acceptable prices, if at all.

While a significant percentage of our raw materials are commodities, which are obtainable through a variety of sources, if the (i) availability of, (ii) our access to, or (iii) the cost of purchasing certain raw materials that we need for our products is adversely affected (for example, due to a decrease in the number of suppliers of such raw materials, or a reduction in the overall availability of such raw materials — whether due to a lack of supply, the loss of a supply contract, increased demand from our competitors or fluctuations in world market prices), we may have to pay more for, or may be unable to source, these raw materials.

Challenging economic conditions and economic uncertainty over a prolonged period of time could materially and adversely affect our business.

The demand for our products depends, in part, on the income and spending patterns of our current and prospective customers, which are affected by prevailing economic conditions, job market outlook and the performance of stock market and other investments, as well as expected future global and regional macroeconomic conditions such as employment rates, inflation and interest rates. Any adverse economic developments in one or more of our key markets where the majority of our revenue is generated, could result in reduced demand for our products, which in turn could result in lower revenue and reduced profit. Our business, results of operations and financial condition would likely be hindered by an economic downturn in any of our key markets or generally.

On the other hand, even if amid an economic upturn, we may still face challenges to maintain consumers' demand for our products. Our revenue growth during the Track Record Period was partially attributable to the continuous rise in the gold price, which boosted consumers' willingness to purchase gold products as gold is often regarded as a safe-haven asset when facing economic uncertainty. If economic uncertainty lifts in the future, the gold prices may decrease, leading to reduced demand for our products and affecting our sales and revenue.

We cannot assure you that general consumer demand in our markets will not be adversely impacted by global economic conditions. In addition, in the event that our competitors react to any declines in consumer confidence by reducing retail prices, our ability to maintain our market share may be adversely impacted and we may have to intensify our marketing efforts in order to compete effectively. Such efforts could materially and adversely affect our business, results of operations and financial condition.

We outsourced the production of certain products to external producers and relied on external manufacturers to secure the supply of our products when our in-house production capacity is insufficient. Our brand image and business may be negatively affected by our failure to maintain relationships with our external producers as well as the failure of our contracted external producers to deliver products that meet our quality standards to us on time.

During the Track Record Period, we outsourced the manufacturing of our certain jewelry products to external producers. In 2021, 2022 and 2023, our outsourcing processing fees were approximately RMB17.2 million, RMB15.2 million and RMB42.1 million, respectively, representing 2.3%, 2.0% and 2.3% of our total cost of sales in the corresponding year. In 2021, 2022, and 2023, production volume from outsourcing production accounted for 36%, 32%, and 41%, of our total production volume, respectively. See "Business — Procurement and Production — Production — Outsourced Production" in this document. When there is a significant increase in market demand for our products while the utilization rate of our in-house production facility is close to or even exceeds 100%, we need to involve external manufacturers to ensure timely delivery of products to some extent. However, there is no assurance that we will be able to maintain the relationships with our external manufacturers. In the event that our external manufacturers terminate their business relationship with us, we may be unable to find qualified external manufacturers on a timely basis and on commercially acceptable terms, and our business, financial conditions and results of operations may be adversely affected.

Although we have set strict quality standards for our external procedures, as we have limited control over the operations of them, we cannot ensure that they will adhere to our quality control policies and guidelines at all times. Any defect in, or any failure to adhere to quality standards with respect to, the products manufactured by our external procedures could subject us to liability or damage our reputation and reduce the demand for the products we sell.

In addition, the ability of our external producers to deliver the products we order on time can be negatively affected by various factors including, among others, (i) significant shortage in manpower, (ii) significant unscheduled downtime at their facilities due to equipment breakdowns, power failures, weather conditions and so forth; (iii) being requested by relevant authorities to suspend production for rectification due to violation of labor, environmental protection, fire prevention or other laws and regulations; and (iv) delays in delivery due to transportation shortages, work stoppages, infrastructure congestion or natural disasters. The failure of our external producers to deliver the products we order on time, or at all, may have a material and adverse effect on our ability to complete production schedules on time and maintain adequate inventories.

Furthermore, we cannot assure you that our external procedures will fully comply with the applicable laws and regulations, such as labor and environmental laws. If there is any negative publicity regarding such non-compliance, our brand image may be damaged.

We procure raw materials from a limited number of suppliers. Particularly, we had material reliance on a sole supplier during the Track Record Period. We may not be able to secure a stable supply of qualified raw materials at all times and on commercially acceptable terms or at all.

During the Track Record Period, we had material reliance on our major suppliers, especially our largest supplier in each year during the Track Record Period, for raw materials. The aggregate purchases from our five largest suppliers in each year during the Track Record Period was RMB772.1 million, RMB704.5 million and RMB2,144.5 million, accounting for approximately 95.1%, 93.3% and 95.0% of our total purchases for the respective periods. Our purchase from the largest supplier in each year during the Track Record Period amounted to RMB605.9 million, RMB633.8 million and RMB1,826.0 million, accounting for approximately 74.7%, 84.0% and 80.9% of our total purchases for the respective year. There is no assurance that we will be able to continue to source sufficient and high-quality supply of raw materials from any of our major suppliers. In the event that any of our major suppliers, especially our largest supplier in each year during the Track Record Period, fails to meet our purchase orders on a timely manner or fails to offer us commercially acceptable terms or fails to supply us with materials of the quality and quantity that we require or terminates their business relationship with us, we may be unable to source sufficient raw materials from comparable alternative suppliers on a timely basis and on commercially acceptable terms or at all, and our business, financial conditions and results of operations may be adversely affected.

Our brand and products may be subject to counterfeiting, imitation or infringement by third parties, which may lead to loss in consumer confidence and materially and adversely affect our brand reputation.

We rely on intellectual property laws in the PRC and other jurisdictions to protect our brand and trademarks. We may be subject to counterfeiting and imitation by external parties that manufactured and marketed their products under "copycat" brand names and trademarks that closely resembled ours. While we take steps to protect our intellectual property rights, we cannot assure you that such counterfeiting or imitation will not occur in the future or, if it does occur, that we will be able to detect or address the problem effectively or quickly. See "Business — Intellectual Property" in this document. Any occurrence of counterfeiting or imitation of our products or other breaches of our intellectual property rights could adversely affect our reputation and brand name and lead to a loss of consumer confidence in our brand. For example, if the details of our designs were inappropriately obtained or leaked prior to our product launch, it is likely that copycat products would be marketed prior to our official product launch, which could materially and adversely affect our brand name, sales and profitability.

Any litigation to prosecute infringements upon our rights and products will be expensive and will divert our management's attention as well as other resources away from our business. We may have to bear the costs arising from such litigation to the extent we are unable to recover them from the relevant parties. Moreover, if there are any concerns about the quality of the counterfeit products and consumers are not fully able to distinguish such counterfeit products from our products, our reputation and brand value may be impaired. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Failure to maintain optimal inventory levels, ensure the security or manage the impairment risk of our inventory could have a material adverse effect on our business, financial condition and results of operations.

Maintaining optimal inventory levels is critical to the success of our business. As of December 31, 2021, 2022 and 2023, the balance of our inventories was RMB770.3 million, RMB806.8 million and RMB1,267.9 million, respectively. In 2021, 2022 and 2023, our inventory turnover days were 357 days, 383 days and 205 days, respectively. See "Financial Information — Discussion of Selected Items From Consolidated Statements of Financial Position — Inventories" in this document. We are exposed to inventory risks as a result of a variety of factors which are beyond our control, including delay or disruption in the supply by our suppliers, changing consumption trends and customer preferences and launches of competing products. Moreover, for stocking purposes we generally estimate demand for the products we sell ahead of the actual time of sale. We cannot assure you that we can accurately predict these trends and events and maintain adequate levels of inventory at all times. Any unexpected decrease in the market demand for the products we sell could lead to excessive inventory, which may adversely affect our financial condition and results of operations. On the other hand, insufficient inventory level may cause us to lose sales to our competitors and our results of operations may also be adversely affected accordingly.

We are also subject to certain risks related to product warehousing. Accidents such as theft, fire, explosion, smoke, water damage and weather damages may cause damage to the products we store in our warehouse and adversely affect our ability to supply products to our boutiques on time. The occurrence of any of these accidents could also require us to make significant unanticipated expenses and delay our delivery of products. Lost sales or increased costs that we may incur due to such disruption of operations and delay in product delivery may not be recoverable under our existing insurance policies, and prolonged business disruptions could result in a loss of our customers. If any one or more of the above risks were to occur, our market reputation, business, financial condition and results of operations may be adversely affected.

Furthermore, due to the expansion of our business, our inventory may further increase in the future. If the market price of gold and other raw materials declines significantly, we will be exposed to the risk of inventory impairment, which may have an adverse impact on our financial condition and results of operation.

Any quality issue related to our products could result in a loss of customers and sales.

The success of our business depends on our ability to consistently deliver high-quality products. Maintaining consistent product quality depends on a variety of factors, including quality design and craftsmanship, the procurement and use of quality raw materials and the effectiveness of our quality control systems. The effectiveness of our quality control systems depends on several factors, including the design of our quality control systems and our ability to ensure that our employees adhere to our quality control policies and guidelines. Although we implement quality control standards and measures throughout our entire manufacturing process, we cannot assure you that our quality control systems will prove to be effective at all times, or that we can identify any defects in our quality control systems in a timely manner. See "Business — Procurement and Production — Quality Control and Assurance" in this document. If the quality of any of our products deteriorates for any reason, or if the consumers do not perceive our products to be in line with their expectations, we may be faced with returns or customer complaints which could result in a loss of customers and sales.

We may experience increases in labor costs, shortage of labor or deterioration in labor relations.

Our staff costs, which are allocated among our selling and distribution expenses, administrative expenses and research and development expenses, amounted to RMB156.3 million, RMB177.7 million and RMB264.9 million in 2021, 2022 and 2023, respectively. Labor cost increases may cause our production costs to increase, and we may not be able to pass on such increase to our customers.

Since our products feature traditional handmade gold craftsmanship, our production capacity is primarily determined by the production manpower of our factory. We cannot assure you that we will not experience any shortage of labor. If we cannot retain sufficient skilled labor or fail to find replacement for relevant positions with comparable experiences at similar wages, costs incurred for our operation may increase as a result of increase of our salary payment, training cost for newly joined employees and shortage in labor may also affect our product quality, which will have an adverse impact on our business, financial conditions and results of operations.

We seek to maintain favorable labor relations with our employees as we believe that our long-term growth depends on the expertise, experience, and development of our employees. See "Business — Employees" in this document. We cannot assure you that we will not have any labor disputes in the future. Any deterioration of our labor relations could result in disputes, strikes, claims, legal proceedings and reputational damage, labor shortages that disrupt our business operations, as well as loss of experience, know-how and trade secrets.

If our product development capabilities decline, our competitiveness and market share may be adversely affected.

Our products are all independently designed and have won the favor of consumers with the elegant and exquisite product appearance and continuous product iteration. The development process of our designs usually includes four steps: overall research and development planning, product design and sampling, sample acceptance and post product maintenance. See "Business — Our Products — Product Design and Development — Product Design and Development Process" in this document. If our research and development of products fails to continue to meet customers' demand, the sales of our products may be negatively affected. In addition, our competitors may develop production techniques which are superior to ours in terms of costs, time and product quality, which would render our production techniques out-of-date and our business non-competitive. Should any of these factors materialize, our business, financial conditions and results of operations could be materially and adversely affected.

Our processing and production plants are concentrated in Yueyang.

A majority of our jewelry products are processed and produced in our production facilities located in Yueyang. The concentration of our production facilities and our raw material warehouses in a single geographical region, Yueyang, means that our business and results of operations are dependent on the degree to which we are able to continue to import raw materials into, manufacture products in, and export products from, this region. Our operations in the Yueyang could also be adversely impacted due to changes in local economic conditions, increases in wage levels, trade issues, strikes or other labor unrest in, or affecting, our production facilities, widespread public health problems, delays in shipments to or from Yueyang, or other disruptions due to power outages, theft, robbery, fire or natural disasters. Any of the above factors could increase the costs of our production or disrupt our production in Yueyang, which may have a material adverse effect on our business, results of operations or financial condition.

We may experience disruptions or delays in our production.

Significant shortage in manpower and unscheduled downtime at our facilities due to equipment breakdowns, power failures, planned power outages, weather conditions, fire or explosion or other natural disasters could cause disruptions in our operations or delay our delivery schedules.

While we have implemented policies to reduce risks of such incidents, the risk of any disrupting event in the future cannot be eliminated. Should our ability to operate at our facilities be compromised for any reason, it could take a significant amount of time and resources to replace our manufacturing capabilities, which could materially and adversely disrupt and delay our production or prevent our products from being finished if alternative facilities cannot be located.

If any manufacturing plant were to be damaged or cease operations, including as a result of an explosion, fire or other disruptions, it would temporarily reduce our manufacturing capacity and affect our ability to provide our products to our customers, which could adversely affect our reputation, sales, business, financial condition and results of operation.

Inadequate production capacity could hinder our capability to satisfy customer demand.

We cannot assure you that our production capacity will be adequate to meet the overall market demand for our products, especially if we experience increased demand for our products as we expand our network of boutiques. Similarly, we cannot assure you that we will be able to meet the overall demand for our products or demand for any of our specific products in particular, should the production in any of our production facilities be disrupted in the future, especially during periods when we experience high demand for some or all of our products. Under these circumstances, our business, financial condition and results of operations may be materially and adversely affected.

In the future, as our business grows, we may need to expand our production capacity through various measures, including the construction of new factories. We cannot assure you that our new premises will be ready in time or our production capacity will otherwise be successfully expanded. A number of factors could delay our expansion plans or increase our costs, including:

- failure to raise sufficient funds to establish and maintain working capital to operate our business at the new premises;
- failure to obtain environmental and regulatory approvals, permits or licenses from the relevant government authorities in a timely manner;
- failure to find new sites for our production facilities;
- shortage or late delivery of building materials resulting in late delivery of the premises for occupancy and use;
- various factors affecting construction progress and resulting in late delivery of the premises for occupancy and use; and
- technological changes, capacity expansion or other changes to our plans for the new premises necessitated by changes in market conditions.

Failure to expand our production capacity could hinder our capacity to satisfy customer demand and growth prospects. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for the construction of new premises and the maintenance of expanded production capacity. A delay in or cancelation of our expansion plans could also subject us to disputes with various counterparties, including shopping malls, financiers and relevant government authorities. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to find suitable locations for new boutiques on commercially acceptable terms, if at all.

Our future development depends, to a significant extent, on the location of our new boutiques. When selecting a site for a boutique, we take into account various factors, including:

- whether it is located in a central or prime shopping district, or in a shopping center with significant consumer traffic;

- the risk of cannibalization of existing boutique sales by the new boutique opening;
- its convenience and accessibility to our target consumer group;
- the expected pedestrian flow;
- the size of the available space;
- the availability of supplementary facilities including parking lots; and
- the level of surrounding competition.

As of the Latest Practicable Date, all of our boutiques are located on leased properties. Going forward, as we open more boutiques, we will need to secure more retail locations through leases, concession or ownership, as determined on a case-by-case basis. The supply of prime locations for new boutiques is scarce and the competition to secure these locations is intense. As a result, we may not be able to identify and lease or acquire suitable locations or sign concession agreements with related shopping malls for our new boutiques.

Our ability to purchase or lease suitable properties or sign concession agreements with related shopping malls on terms acceptable to us is critical to the success of our business and expansion strategy. We cannot assure you that we will be able to lease or acquire suitable locations or sign concession agreements with related shopping malls on terms commercially acceptable to us, as we have been able to do so in the past. In the event that we encounter difficulties in securing suitable sites for boutiques in the localities we plan to expand into, our business and growth prospects will be adversely affected.

If we fail to maintain or renew the lease agreements or concession agreements of our boutiques with shopping malls, particularly the top five shopping malls, our business and results of operations may be negatively affected.

We enter into lease agreements or concession agreements with shopping malls for our boutiques. It is important to the operation of our business that our existing leases and concession agreements are maintained or renewed on terms acceptable to us. In recent years, property prices and rental related expenses in the cities in which we operate have fluctuated but have overall increased. In the event that we are unable to renegotiate or renew our leases or concession agreements on terms acceptable to us or such leases or concession agreements are terminated for various reasons, such as the disputes with the landlords of our boutiques, prior to their expiration, we will need to relocate the relevant boutiques to alternative premises. Any relocation of a boutique may cause disruptions to our business and may require significant expenditure. We cannot assure you that, in such cases, we will be able to find alternative suitable premises on commercially acceptable terms in a timely manner, or at all, which may result in the closure of such boutique. Particularly, revenues derived from our boutiques in the top five shopping malls accounted for 35.7%, 37.2% and 39.1% of our total revenues in 2021, 2022 and 2023, respectively. See "Business — Our boutiques — Performance of Our

Boutiques" in this document. If we fail to renew the lease agreements or concession agreements with any or all of the top five shopping malls, the operation of our boutiques in such shopping mall(s) could be disrupted, which may negatively affect our business and results of operations. In addition, we cannot assure you that our boutiques will avoid losses or maintain a level of sales, profitability or growth that is consistent with historical rates. In particular, as our leases typically have terms between one to five years, we cannot assure you that the premises and location of our boutiques will remain attractive during our occupancy of the premises. In such cases, the sales and profitability of such boutiques may be materially and adversely affected, and we may incur additional costs in terminating our lease or concession agreement, vacating the property and subsequently relocating the boutique.

Our new boutiques may not achieve our expected level of profitability within our desired time frame, or at all.

As part of our growth strategy, we plan to open approximately eight new boutiques in mainland China and around five new boutiques outside of mainland China, including Hong Kong, Macau, and Singapore, in the next two years. For more details of our expansion plans, see "Business — Product Sales — Our Boutiques — Our Boutique Network and Strategy" and "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]" in this document. Opening new boutiques requires significant capital outlays upfront, including the cost of the boutique inventories, rent or concession fee, and the cost of hiring and training of managers and sales staff. A new boutique may not achieve our expected level of profitability for a prolonged period of time, or at all, due to a variety of factors, including, among others, (i) our ability to properly position our new boutiques and to execute our business strategy in the locality, (ii) actions by our existing or new competitors in the same locality and (iii) the effectiveness of our marketing activities in the locality. Some of these factors are not entirely within our control. If our new boutiques do not break even or achieve our expected level of profitability within our expected timeframe, or at all, our expansion plan and profitability may be adversely affected.

We are exposed to risk of cannibalization between our existing and new boutiques.

We position our boutiques to effectively capture market demands from our target customers, while the development plan of each boutique is determined based on additional factors that may vary at different geographic regions, such as general economic condition, average disposal income, distinctive local trend or preference, as well as competition. In developing our boutique network, we intend to, where appropriate, open new boutiques in and around areas of existing boutiques to leverage operational efficiencies and effectively serve our customers. Our existing and new boutiques may engage in market cannibalization among themselves. The capacities and growth in some of our target location and demands from our target customers for our products may be limited and may not be able to support our expansion plan. There could be overlapping coverage and unexpected competition between our existing and new boutiques due to the over-expansion and cannibalization effect. As a result, our new boutiques may not perform as anticipated and may have adverse effect on the overall performances of our boutiques and our profitability. There is no assurance that our measures to mitigate potential cannibalization among different boutiques can always be successful, the occurrence of, which could, in turn, adversely affect our business, financial condition or results of operations.

A significant portion of our online sales in Mainland China depends on certain online platforms.

We rely on a limited number of key online platforms for a substantial portion of our online sales in mainland China, including e-commerce platforms such as Tmall.com, JD.com, and WeChat Mini Program, which are owned, controlled by, or associated with, a limited number of technology companies. In 2021, 2022 and 2023, the revenue we generated from online sales channels represented 10.2%, 13.0% and 11.4% of our total revenue. As such, we may be subject to concentration and counterparty risks from these key online platforms. We cannot assure you that we will be able to maintain our relationships with our key online platforms. These platforms are not obliged to continue to cooperate with us in the future at a level similar to historic levels, or at all. Should any of these key platforms terminate their business relationship with us entirely, we may not be able to secure new online sales platforms to compensate for such reduction in sales demand or loss of business. If our relationship with these key online platforms deteriorates, or if there is a perceived decline in the quality of service or general reputation of these platforms, our sales through these platforms may decrease. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Future changes in the online marketing industry and consumer behavior may adversely affect our sales through online channels.

The future growth of our online sales depends on our ability to continue attracting online customers and gaining new purchasers from various online channels, as well as our ability to retain and increase traffic to our websites and social media platforms. We believe that maintaining a strong online presence helps improve our brand visibility and awareness. However, we may not be successful in any of these respects. The success of our online sales channels also depends on a number of factors relating to the online marketing industry and consumer behavior, including:

- consumer traffic on e-commerce platforms generally and our ability to increase the consumer traffic on our online stores and on the e-commerce platforms we engage;
- our ability to respond to the changes in internet and mobile penetration, as well as the online marketing industry in mainland China;
- the reliability of the independent e-commerce platforms; and
- the availability of the relevant network infrastructure, such as online or mobile payment platforms.

In addition, a decline in the popularity of online shopping in general or our failure to identify or respond to trends or consumer requirements in our online channels could result in a decreased number of online customers and reduced attractiveness of our online channels. This in turn could materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to integrate and manage our online and offline sales channels.

We sell our products through both offline boutiques and online platforms. The success of our business depends on optimizing sales channels with the goal of providing the same level of customer satisfaction in all of those channels. In line with our multi-channel strategy, we have been progressively implementing initiatives over the Track Record Period. For example, we apply the same Customer Loyalty Program to our offline boutiques and online stores, which enables our members to enjoy the same membership benefits in both channels. In addition, we provide comprehensive after-sale consumer services both online and offline. Customers who purchased our products online can also seek after-sale services in our offline boutiques. However, we cannot assure you that these initiatives, or any future initiatives, will be successful in integrating and effectively managing our omni-channel model. Any failure of such may affect our customers' shopping experience and therefore have a material influence on our business performance.

Our marketing activities may not be effective in attracting our target customers.

We market our brand and products through various channels and methods, including displaying advertisements at or around the shopping malls where our boutiques are located and placing advertisements on social media and other digital platforms. We also actively participate in promotion activities hosted by shopping malls that we collaborated with, or shopping festivals by online sales platforms. These marketing activities result in significant advertising and promotion expenses. In 2021, 2022 and 2023, our advertising and promotion expenses were RMB10.3 million, RMB15.1 million and RMB18.8 million, respectively. We cannot assure you that our marketing activities will enable us to successfully promote our brand and products or increase our sales.

In addition, we rely on our sales and marketing personnel to implement effective marketing campaign. Our sales and marketing personnel are required to have a good knowledge of our heritage gold products. If we are unable to effectively train our in-house sales and marketing personnel or monitor and evaluate their performances, our sales and marketing may be less successful than desired. Moreover, competition for experienced marketing, promotion and sales personnel is intense. If we are unable to attract, motivate and retain a sufficient number of qualified and professional marketing, promotion and sales personnel, we may be unable to expand our business coverage or increase our market penetration as contemplated.

The effectiveness of sales and marketing activities is relatively hard to predict and evaluate. Their effects may be delayed, resulting in slower revenue growth which may not fully reflect the effort or costs of the sales and marketing activities. If the results of our marketing activities fail to meet our expectations, or if we fail to conduct our marketing activities as planned, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If Buyer Customers cease to offer our products to end-customers on terms more favourable than those otherwise available to such end-customers, our business and results of operations may be negatively affected.

Currently, some end-customers are willing to purchase our products through Buyer Customers since such Buyer Customers can offer our products to end-customers on terms more favourable than those otherwise available to such end-customers. See "Business — Our Customers and Suppliers — Our Customers" in this document. However, as we have never entered into any arrangement with any Buyer Customers to purchase our products and then resell them to other customers, we cannot predict whether such Buyer Customers will cease to offer our products in the future. If they do so, price-sensitive end-customers might choose not to purchase our products, leading to a potential decrease in sales volume, which in turn, may negatively affect our business and results of operations.

Any negative news concerning the personnels whom we engage to market our products could materially and adversely affect our sales and reputation.

As an established brand, our brand image is sensitive to the public's perception of our business. Public perception of our business is formulated not only by the quality and competitiveness of our products, but also the culture, values and ethics that we embody as a business. We cannot assure you that the personnels whom we engage to market our products, or any celebrities whom we may engage in the future, will not, intentionally or incidentally, distribute information about us or our products that may result in a negative perception of us by the public. In addition, even though we only engage personnels who share our core brand values, we cannot assure you that their actions will not deviate from our core values, and any negative publicity regarding our spokespersons may result in a negative perception of us by the public even if the negative publicity does not involve our products at all. Any negative publicity about our spokespersons or products, regardless of veracity, could lead to potential loss of consumer confidence or difficulty in retaining or recruiting talent that is essential to our business operations. As a result, our business, financial condition, results of operations, reputation and prospects may be materially and adversely affected.

We may fail to protect our proprietary data and customer information.

We believe that our ability to compile and analyze sales and customer data is critical to our success. We have built a large customer database leveraging our extensive network of boutiques and our information technology systems. We obtain customer data, such as our customers' personal information, Loyalty Member information and transaction history, primarily through our boutiques and online stores. Concerns about our practices with regard to the collection, storage, use or disclosure of personal information or other privacy-related matters, even if unfounded, could damage our reputation, and as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected. Furthermore, any actual or alleged leakage or unauthorized use of the customer data we have collected could result in decreases in the online traffic to purchase our products and the overall sales, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We have adopted security policies and measures to protect our proprietary data and customer information. However, advances in technology, the expertise of hackers, new discoveries in the field of cryptography or other events or developments could result in compromises or breaches of the technologies that we use to protect confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining and misappropriating our proprietary data and customer information. In addition, we have limited control or influence over the security policies or measures adopted by third party online payment service providers through which some of our customers may elect to make online purchases. Furthermore, our third-party logistics service providers may also violate their confidentiality obligations and illegally or improperly disclose or use information about our customers. Any negative publicity regarding the safety or privacy protection mechanism and policy of our information technology systems or online sales channels could have a material adverse effect on our brand image and reputation.

Furthermore, the regulations governing data privacy and the use of personal data are evolving. Any change in the regulations governing the use of personal data could adversely affect our ability to collect, use and store such data or discourage our customers from using our online sales channels, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our sales may be affected by seasonality.

We experience seasonal fluctuations in demand for our products, especially around holidays and shopping festivals. The peak seasons include the Mid-Autumn Festival and the PRC National Day holiday, the period from Christmas till Chinese New Year, and the period from Chinese New Year till Valentine's Day. Besides, the third-party platforms where we sell our products also have numerous shopping festivals that affect market demand, such as the Double 11 Shopping Festival (雙十一購物節), and the Double 12 Shopping Festival (雙十二購物節). Therefore, we typically record higher sales in the first and fourth quarters of a calendar year. Due to these seasonal factors, comparison of sales and operating results between different periods within a single financial year may not be meaningful and should not be relied upon as indicators of our performance. In addition, these seasonal consumption patterns may cause our operating results and financial condition to fluctuate from period to period.

Delivery delays, poor handling by third party logistics providers or disruptions, security hazards in the transportation network may adversely affect our business.

We outsource the delivery of the products we sell online to independent third-party logistics service providers. As of December 31, 2023, we mainly engaged three logistics service providers. Disputes with, or the termination of our contractual relationships with, one or more of our logistics service providers could result in delayed delivery of products, increased costs or customer dissatisfaction. We cannot assure you that we can continue or extend relationships with our current logistics service providers on terms and prices acceptable to us, or at all. We also cannot assure you that, as we expand our online channels, we will be able to establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, we may experience increases in our costs, or disruption to our ability to offer products in sufficient quantities on a timely basis or at prices acceptable to our customers. As we do not have any direct control over these logistics service providers, we cannot guarantee the quality of their services. If there is any delay in delivery, damage to products resulting from poor handling, we may lose customers and sales and our brand image may be damaged.

In addition, delays in delivery due to disruptions to the transportation network, such as natural disasters, strikes or infrastructure congestion, could adversely impact our ability to timely deliver products to our online customers. Moreover, due to the high value of our products, the transportation of products to online customers also expose us to security risks including theft and robbery. Should any of these factors materialize, our business, financial conditions and results of operations could be materially and adversely affected.

Interruption or security breaches to our IT systems may have a material adverse effect on our business, results of operations or financial condition.

We rely on information technology systems including the Kingdee System, for the timely exchange of business information between our warehouses, factories, boutiques and headquarter, and these systems are critical to our day-to-day business operations. We cannot assure you that our information systems will always operate without interruption or malfunction. Any breakdown for an extended period of time, or other failure of our information systems from, among other things, security breaches, viruses, hacking or damage to the hardware or software systems, may cause interruptions to our operations and inventory management, and may adversely affect the integrity of our information, our business performance and profitability. Although we have disaster recovery systems in place and engage cloud service providers for cloud storage of data, we cannot assure you that these systems will be adequate to support our operations in the event of a prolonged breakdown of our primary system, in which case our business operations will be materially and adversely affected. In addition, the increasing business complexity of our operations due to our growth strategies may place additional requirements on our systems, controls, procedures, and management and, as a result, may strain our ability to manage our future growth.

Our efforts in developing and investing in technology may not generate the expected outcomes.

We rely on technology, including Kingdee System and CRM System, in many aspects of our operations. We have invested and plan to continue to invest in maintaining and upgrading these systems. However, we may not always be successful in developing, installing, running and migrating to new software or systems as required by our business development.

In addition, we have made and continue to make investments in digital initiatives, applications and tools to enhance customer experience. A key element of our customer retention and acquisition strategy is using digitalization to make it easier for customers to stay engaged with our brand and products. For example, we have developed a WeChat Mini Program which allows customers to place orders and engage with our sales personnel seamlessly without visiting our offline stores. We intend to continue to invest in digitalization and launch more initiatives and services across our markets.

Although we continuously upgrade our technologies to keep up with the latest industry developments, we cannot assure you that our investment in these technologies could produce the expected outcomes, in which case our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our insurance coverage may not cover all losses.

We maintain different types of insurance policies to cover our operations. For example, we purchase public liability insurance for our boutiques and property damage insurance for the gold in our Macau boutique. However, there can be no assurance that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

In addition, we generally do not maintain Property All Risks insurance policies for our boutiques in mainland China. Although we have put in place various measures such as vaults and 24-hour surveillance to safeguard our inventories and other properties at our boutiques, there is no assurance that these measures are sufficient enough to protect us against accidents such as theft, fire, explosion, etc. If any of such accidents occur and there is no insurance to cover our losses arising therefrom, our business, financial condition and results of operations could be materially and adversely affected.

We rely upon certain key personnel. If they leave or become unable or unwilling to fulfill their roles, our business and future growth may be affected adversely.

Our success depends significantly on the efforts and abilities of key individuals who have valuable experience and knowledge of our products and industry, and who have made substantial contributions to the development of our operations, the design and craftsmanship of our products, and raw material procurement. If we were to lose such personnel, including those from our senior management team, design and production team, or raw material procurement team, or other key employees, or if these individuals fail to devote the same amount of time and effort to our business as they have done in the past, we cannot assure you that we would be able to replace such individual or individuals with new personnel capable of making the same contribution in the near term or at all. As such, the loss of the services of one or more of these key individuals, or any negative market or industry perception arising from such loss, could have a material adverse effect on our business, results of operations and financial condition.

Our risk management and internal control systems may not be adequate or effective.

We have established risk management and internal control systems consisting of organizational frameworks, policies, procedures and risk management methods that we believe are appropriate for our business operations, and we seek to continue to improve these systems. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, including the identification and evaluation of risks, internal control variables and the communication of information, we cannot assure you that such systems will be able to identify, mitigate and manage all our exposure to risks.

Our risk management and internal controls also depend on the proficiency of and implementation by our employees. We cannot assure you that such implementation will not involve any human error or mistakes, which may materially and adversely affect our business, financial condition and results of operations.

Our business depends on our intellectual property, particularly our trade name, trademarks, product designs and trade secrets, which we may not be able to protect against infringement and unauthorized use in counterfeit products.

We consider our "老鋪黃金" (LAOPU GOLD) trade name, related trademarks and other intellectual property rights to be critical to our success and competitive advantage. Our policy is to register and protect such intellectual property rights in the jurisdictions in which we operate to the extent that we are able to under relevant local law. As of December 31, 2023, we registered 526 trademarks in China and 35 overseas. However, we cannot assure you that we can successfully renew the trademark applications beyond expiration of our trademarks. In such event, we may no longer be able to use such trademarks in our business or become prohibited from manufacturing or selling products under such trademarks, and our business, financial conditions and results of operations will be materially and adversely affected.

Further, although we are not aware of any material violations, infringements or unauthorized use in relation to our trade name or trademarks, we cannot assure you that the steps we have taken to protect our trade name, trademarks and other intellectual property rights are sufficient or will be sufficient to protect such intellectual property rights, or that such intellectual property rights will not be subject to infringement in the future. Any unauthorized use of such intellectual property rights could harm our brand, market image and reputation, which could adversely affect our financial condition and results of operations. In addition, our results of operations may be adversely affected as a result of incurring additional costs and the diversion of management's attention when initiating any trade name or trademark claims.

Trade names that are identical or similar to our trade name may have been registered or used by third parties in other markets we may decide to enter. We may incur significant expenses should we decide to acquire the right to use our trade name in these markets. If we are unable to acquire these rights on terms acceptable to us, or at all, we may be unable to enter these markets using our trade name.

In addition, our key craftmanship, including filigree, carving, embedding and heat treatment of enamels, is rooted Chinese ancient gold-making traditions and has been passed down through generations. Since most of our craftmanship is in public domain, we can only protect the know-how of our craftmanship in term of trade secrets. There can be no assurance that such protections are adequate, and in the event that third parties copy our know-how, the competitiveness of our products and our reputation could be adversely affected, which could in turn affect our business and results of operational. In addition, we may face difficulties in proving that a third party has copied our know-how or may incur high costs even if we are successful in proving so.

We may be subject to intellectual property infringement claims which may be expensive to defend and may result in significant liabilities.

Our competitors or other third parties may have intellectual property rights and interests which could potentially conflict with ours. If any trademark infringement or other intellectual property claims against us are successful, we may be required to take significant liabilities. In addition, we may not have a legal right to continue to develop, produce, use or sell products that are adjudicated to have infringed third parties' intellectual property rights. We may be legally required to expend significant resources to redesign our products so that they do not infringe third parties' intellectual property rights or we may be required to obtain relevant licenses to avoid further infringements. Intellectual property litigation against us could significantly disrupt our business, divert our management's attention or consume much of our financial resources. Additionally, we may be subject to infringement or misappropriation claims by third parties in other aspects of our day-to-day operations, such as our usage of images, fonts or music in our advertising and promotional activities. Any intellectual property disputes could have a material adverse effect on our business, financial condition, results of operations and prospects.

Failure to obtain certain intellectual property in time may materially and adversely affect our business, financial condition and results of operations.

We are applying for, and may in the future apply for, certain trademarks, patents or other intellectual property rights. Such application process takes some time and our use of these intellectual property rights may lack legal protection during this period. Failure to obtain these intellectual property rights in time may affect our brand, our products and our operations which may result in loss of our customers and damage of our reputation, which may in turn materially and adversely affect our financial condition and results of operations. Any unauthorized use of such intellectual property rights by third parties, and the expenses incurred in protecting our intellectual property rights, may materially and adversely affect our business and financial condition. See "Business — Intellectual Property" in this document.

Any loss of or failure to obtain or renew the certificates, licenses, approvals and permits or to complete various registrations or filings applicable to our business, may materially and adversely affect our business, results of operations, and financial condition.

We are subject to extensive PRC laws and regulations at the national and local level, which govern various aspects of our operations. We are required to obtain and maintain certain certificates, licenses, approvals and permits, and to complete various registrations or filings, in order to conduct our business. These operating certificates, licenses, approvals and permits are granted, renewed and maintained upon our satisfactory compliance with, among others, the applicable criteria set by the relevant governmental departments or organizations. See "Regulatory Overview" and "Business — Licenses, Permits and Approvals" in this document. Complying with government regulations on these approvals, licenses, permits, registrations or filings may require substantial expense, and any non-compliance may expose us to penalties. For example, as of December 31, 2023, some of our leased properties used for business operation were yet to complete registration and filing procedures. See "Business — Properties" in this document. As advised by our PRC Legal Advisors, the non-registration of the relevant property lease will not affect the validity of the lease contracts and the legal use of the leased properties, but relevant local housing authorities may require us to complete the registration within the prescribed period and we may be subject to penalties of RMB1,000 to RMB10,000 as a result of delay in registration for each of such leased properties. Further, the certificates, licenses, approvals and permits that we had obtained during the Track Record Period and as of the Latest Practicable Date may only be valid for a limited period of time and may be subject to periodic review and renewal by government authorities or relevant organizations. In addition, the standards of compliance required in relation thereto may change in the future. As advised by our PRC Legal Advisors, the PRC laws and regulations may continue to evolve. If we fail to adjust in a timely manner to ensure compliance with these new changes, we may be exposed to the risk of non-compliance. If deemed non-compliant, we could be subjected to administrative or regulatory fines and penalties, including the suspension or revocation of our certificates, licenses, approvals and permits, and our operations may be hindered or halted, which could have a material and adverse effect on our business and results of operations.

We are exposed to the risk of litigation, claims and disputes, which may cause us to pay significant damages awards and incur other costs.

We believe that all of our operations are in material compliance with applicable laws and regulations in the jurisdictions in which we operate. However, we cannot assure you that we will not be subject to liabilities in the future. Substantial liability arising from a lawsuit judgment or a significant regulatory action against us or a disruption in our business arising from adverse adjudications in proceedings against the Directors, officers or employees could have a material adverse effect on our business, financial condition and results of operations. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, such proceedings could result in us incurring additional costs and significantly harm our reputation, which could materially affect our business, financial condition and results of operations.

Negative publicity about us, our Shareholders and affiliates, our brand and our management may have a material adverse effect on our business, reputation, and the [REDACTED] of our Shares.

Negative publicity about us, our Shareholders and affiliates, the products we provide, including possible defects of the products, even without our fault, our service quality, our brand, our management and other aspects of our business operations may arise from time to time. They may appear in the form of comments on internet postings and other media sources. For example, in the event that we fail to meet our customers' expectations as to the quality of our products or services, our customers may disseminate negative comments on social media platforms. In the long term, if such negative publicity about us, our Shareholders and affiliates, our brand, our management and other aspects of our business operations damage our reputation and result in a loss of customer confidence, it would affect our future ability to attract and retain new customers and employees. As a result, our business, results of operations, financial condition, and prospects would be materially and adversely affected.

Any catastrophe could severely disrupt our business operations.

Health pandemics may adversely impact in the long term, on the economy and social conditions globally, which may cause temporary decrease in demand for jewelry products, and adversely affect our business, financial condition and operations. For example, certain of our boutiques were closed temporarily due to the impact of COVID-19 during the Track Record Period. If there is another COVID-19 or other pandemic outbreak in the future, we may face various risks, including but not limited to: (i) decrease in demand for our products; (ii) temporary closure of our boutiques; (iii) disruption of the operations of our business partners; and (iv) increased volatility or disruption of global capital market, which may adversely affect our ability to raise funds for our operation.

Our operations are also vulnerable to interruption and damage from natural disasters and other calamities. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophes or extraordinary events were to occur in the future, our ability to operate our business could be seriously impaired, and therefore adversely affect our operations and financial conditions.

Any breach of or failure to successfully implement our environmental, health and safety ("EHS") policies could have a material adverse effect on our business and growth prospects.

As consumers are paying increasing attention to corporate social responsibility matters, conducting our business in a responsible and sustainable way is important to our brand and reputation. While we have implemented policies relating to environmental, workplace health and safety matters and have adopted a number of initiatives to reduce our environmental footprint, we cannot assure you that these policies will not be breached or will continue to be effective. If we fail to implement our EHS policies effectively or update these policies to reflect the latest social and environmental developments, our brand image and reputation could be damaged, which will negatively impact our business, financial condition and results of operations.

RISKS RELATING TO OUR FINANCIAL POSITION

Failure to recover a significant portion of our trade receivables in a timely manner may have a materially adverse effect on our business and financial results.

As of December 31, 2021, 2022 and 2023, we had trade receivables of RMB104.4 million, RMB100.3 million and RMB376.3 million, respectively. Substantially all of our customers are individual customers. And we do not grant any credit period to our individual customers. However, as certain of our boutiques are operated in cooperation with shopping malls, customers' payments to these boutiques are typically collected by the shopping malls first and then transferred to us after deducting the relevant charges by these shopping malls. We generally settle with these shopping malls on a monthly basis. Certain shopping malls may default on their payment to us as a result of deteriorating financial condition or liquidity issue. We cannot guarantee that we can always detect potential default by the shopping malls we cooperate with. If we cannot collect trade receivables on time, our liquidity, result of operation and financial condition may be adversely affected.

We rely on short-term and long-term borrowings to fund our operations.

We use external financing to support the growth and expansion of our business. As of December 31, 2023, our current liabilities included interest-bearing bank and other borrowings of RMB127.8 million. These borrowings are used mainly to finance our inventories and expand our boutiques. Although we have maintained good relationships with our banks that provide us with such financing and have not experienced any difficulties in repaying our borrowings, our ability to continue to obtain financing is subject to a variety of factors. Such factors include our future financial condition, operating results and cash flows, the regulatory approvals to obtain financing in the domestic or international markets, the general condition of global and domestic financial markets, and changes in monetary policies, interest rates and lending policies. We cannot assure you that we will be able to obtain bank loans or renew existing credit facilities in the future on favorable terms, or at all. Our efforts to raise equity capital, if any, may result in the dilution of the shareholding of our existing Shareholders. If adequate funding is not available to us on favorable terms, or at all, we may not be able to finance our existing operations and develop or expand our business, and therefore our business, financial condition, results of operations and prospects may be materially and adversely affected.

We expect to incur additional capital expenditure and increase in depreciation and amortization expenses associated with the expansion of our boutique network.

We plan to open eight new boutiques in mainland China and five new boutiques outside of mainland of China within the next two years. See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]" in this document. Therefore, we expect to incur additional capital expenditure and increase in depreciation and amortization expenses in relation to the lease of premises, renovation and so forth, which could negatively affect our financial condition and results of operations. In addition, there is no guarantee that we could achieve profitability from opening and operation of new boutiques in the near term.

Any discontinuation or reduction of the government grant would have a material and adverse impact on our business.

During the Track Record Period, we recognized government grants as our other income of RMB4.5 million, RMB3.0 million, and RMB1.0 million in 2021, 2022 and 2023, respectively. Our government grants mainly represented the subsidies related to our operating activities and the previous [**REDACTED**] attempts. As the determination and granting of such subsidies are subject to the discretion of the government and are non-recurring in nature, the receipt of such subsidies is varied from period to period. We cannot assure you that we will continue to receive government grants at the same level or at all, in which case our business, financial condition and result of operations may be materially and adversely affected.

We had historical net cash flows used in operating activities.

We had net cash flows used in operating activities of RMB29.2 million in 2023, which was primarily due to profit before tax of RMB553.5 million, as adjusted for certain non-cash and/or non-operating items, mainly including (i) depreciation of right-of-use assets of RMB91.4 million; (ii) depreciation of property, plant and equipment of RMB25.6 million; (iii) finance costs of RMB18.2 million; and (iv) negative changes in working capital. See "Financial Information – Cash Flows – Net Cash Flows From/Used in Operating Activities" in this document. We cannot guarantee that we will not record net cash flows used in operating activities in the future. Any net cash flows used in operating activities will adversely affect our liquidity and our ability to further develop our business. We may need to resort to external financing in case of net cash flows used in operating activities, but we cannot ensure that we will be able to secure the sources of funds at commercially reasonable terms, or at all. If we cannot source sufficient financing to fund net cash flows used in operating activities, our business, results of operation and financial condition may be adversely affected.

We may not be able to manage the growth of our business and operations and grow at a rate comparable to our growth rate in the past.

We have experienced significant growth during the Track Record Period. Our revenue increased from RMB1,264.6 million in 2021 to RMB3,179.6 million in 2023, representing a CAGR of 58.6%. However, this growth trend reflects only our past performance and does not have any implication or may not necessarily reflect our financial performance in the future. The sustainability of our growth depends on a number of factors, many of which are beyond our control, including our ability to retain existing customers and attract new ones. In addition, the effects of changing economic, jewelry industry, competitive conditions and future expansion of our sales network, and many other factors cannot be fully predicted and may have a material adverse effect on our business, financial condition, results of operations and prospects. There is no assurance that we can sustain the growth rate we achieved in the past. If we are not able to manage our growth effectively, our business and prospects may be materially and adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRY WHERE WE OPERATE

Adverse changes in economic, political and social conditions, could have a material adverse effect on our business and prospects.

Substantially all of our revenue is derived from our businesses in the PRC. Accordingly, our financial condition, results of operations and prospects are, to a material extent, subject to economic, political, and social conditions in the PRC. If the macro-economy condition experiences significant adverse changes due to any reason, demand for our products and our ability to maintain our operations may suffer, which will consequently have a material adverse effect on our financial condition, results of operations and our future prospects.

The interpretation and enforcement of PRC laws and regulations may change from time to time, which may subject us to non-compliance due to unexpected changes to laws and regulations applicable to us.

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new and the PRC legal system continues to evolve, the interpretations and enforcement of many laws, regulations and rules are subject to changes from time to time.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have a certain degree of discretion within their scope of authority in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations, and may further affect the legal remedies and protections available to investors, which may, in turn, adversely affect the value of your investment.

We may be subject to filing procedure and other requirements of the CSRC or other PRC governmental authorities in connection with this [REDACTED], future capital raising activities and future major events.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions enhanced administration and supervision on overseas listing by the PRC-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by The PRC based oversea-listed companies.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Trial Measures") and five supporting guidelines, which came into effect on March 31, 2023. The Trial Measures comprehensively improved and reformed the prior regulatory regime for overseas listing of securities of PRC domestic companies, and had regulated both direct and indirect overseas listing of PRC domestic companies' securities by adopting a filing based regulatory regime. Pursuant to the Trial Measures, domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC, and in the event of subsequent offering and occurrence of certain major events, domestic companies shall also fulfill relevant filing procedures and report information to the CSRC. If a domestic company fails to complete the filing procedure, omits any material fact, falsifies any content or contains any misleading statement in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. See "Regulatory Overview — the PRC — Laws and Regulations Relating to Overseas Listing" in this document. Since the Trial Measures was newly promulgated, the interpretation, application and enforcement of Trial Measures are subject to changes.

If it is determined that we are subject to any filing or other authorization or requirements of the CSRC or other PRC governmental authorities for future fund raising activities or other major events, and we fail to complete such filing or meet such requirements in a timely manner or at all, we could be subject to sanctions by the CSRC or other PRC regulators authorities. If we are determined not in compliance with the requirements under the Trial Measures, and thus are unable to complete the filing with the CSRC, we may need to postpone or terminate our future fund-raising activities if any. Any uncertainties or negative publicity regarding such filing or other requirements stated above could materially and adversely affect our business, prospects, financial condition, reputation, and [**REDACTED**] and [**REDACTED**] of the Shares.

Fluctuations in the value of the Renminbi and other currencies may have a material adverse impact on your [REDACTED].

During the Track Record Period, substantially all of our revenues and expenditures were denominated in Renminbi, while the [**REDACTED**] from the [**REDACTED**] will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi terms of the [**REDACTED**] from the [**REDACTED**]. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by us.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against other currencies in the future. It is difficult to predict how market forces or relevant government policies may impact the exchange rate between the Renminbi and other currencies in the future.

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risks. In any event, the availability and effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your H Shares.

Currently, the conversion and remittance of foreign currencies from RMB are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by the SAFE.

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, the foreign exchange policies regarding payment of dividends in foreign currencies may change from time to time in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, and even our business, operating results and financial condition, may be materially and adversely affected.

Payment of dividends is subject to laws and regulations in regions where we operate.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting), each such appropriation based on the unconsolidated net profit determined under PRC GAAP. Our distributable net profit referred to above represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS. As a result, we may not have sufficient distributable profits, if any, to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. In addition, we also have a subsidiary in Hong Kong and may establish more subsidiaries outside of mainland China in the future, and the distribution of dividends by our subsidiaries to our Company may also be subject to local laws and other restrictions.

Policies on foreign investment in the PRC may adversely affect our business and results of operations.

The investment activities of foreign investors in the PRC are subject to certain regulations regarding the industry participated and imposed to additional verification procedures by certain authorities. The Special Management Measures (Negative List) for the Access of Foreign Investment (2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》, the "Negative List") issued by the NDRC and MOFCOM, which set out in a unified manner the restrictive measures for the access of foreign investments such as the requirements for equity and senior management, and the industries that are prohibited for foreign investment. The Negative List covers 12 industries, and any field not covered by the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. As of the Latest Practicable Date, our main business in China does not fall within the Negative List. However, certain industries are specifically prohibited for foreign investment, which may restrict us from entering into these industries afterwards.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》, the "IIT Law") and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those have establishments or premises in China but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》, the “EIT Law”) and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 20% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares has been reduced to 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ approval.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region (the “HKSAR”) for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the Chinese government may impose tax on dividends paid by a Chinese company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a Chinese company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the HKSAR for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》) issued by the SAT effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions.

Despite the arrangements mentioned above, the PRC tax laws and regulations as well as the interpretation and application of such laws and regulations may change from time to time in the future which may adversely affect the value of your [**REDACTED**] in our H Shares.

It may be difficult to effect service of process upon us or our Directors, Supervisor or executive officers who reside in China or to enforce against them in China any judgments obtained from non-PRC courts.

All of our executive Directors, Supervisors and executive officers reside within China, and substantially all of our assets are located within China. Similar to the difficulties faced by most of the countries around the world on effecting service of process and enforcing judgment obtained from foreign countries, it may be difficult for investors to effect service of process upon us or our executive Directors, Supervisors and officers inside China or to enforce against us or them in China any judgments obtained from non-PRC courts.

A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC only if the jurisdiction has a treaty with China or if the jurisdiction has been otherwise deemed by the courts in China to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of some other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

On July 14, 2006, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the PRC and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "2006 Arrangement"). Pursuant to such arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the PRC and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "2019 Arrangement"), the commencement date of which shall be announced after the Supreme People's Court promulgates judicial interpretations and relevant procedures are completed in Hong Kong. The 2019 Arrangement will supersede the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2006 Arrangement will remain applicable to a "choice of court agreement in writing" entered into before the 2019 Arrangement taking effect.

Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (Hui Fa [2012] No. 7), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options will be subject to these regulations when our company becomes an overseas-listed company upon the completion of the [**REDACTED**]. Failure to complete SAFE registrations may subject them to fines, and legal sanctions. In light of the above, we cannot assure you that we will continuously adopt additional incentive plans for our directors, executive officers and employees under PRC law.

In addition, SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. We have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities.

We are subject to environmental protection, fire safety and health and safety laws and regulations and may be exposed to potential costs for compliance and liabilities, including consequences of accidental contamination, biological or chemical hazards, or personal injury.

Our business operations are subject to national and local laws in the jurisdictions in which we operate, including but not limited to the laws on the treatment and discharge of pollutants into the environment. The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "Environmental Protection Law"), was promulgated and effective on December 26, 1989, and most recently revised on April 24, 2014. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies. Consequences of violations of the Environmental Protection Law include warnings, fines, rectification within a time limit, forced shutdown, or criminal punishment.

Our business operations are also subject to applicable fire safety laws in the PRC. In accordance with the Fire Prevention Law of the PRC (《中華人民共和國消防法》) adopted on April 29, 1998 and last amended and took effect on April 29, 2021, a special construction project as provided in the Interim Provisions on the Examination and Acceptance of Fire Control and Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) effective from June 1, 2020 shall be subject to fire protection design review before such project commence construction and shall be subject to fire protection inspection before such project was put into use. Other construction projects shall be subject to fire protection inspection recordation, and the competent department of housing and urban-rural development shall conduct a random fire protection inspection thereof. The constructor or user entity shall apply to the fire and rescue department of the local people's government at or above county level for a fire safety inspection before a public gathering place is put into use or opens for business.

Because the requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may be unable to comply with, or to accurately predict the potentially substantial cost of complying with, these laws and regulations. If we fail to comply with environmental protection and fire safety and safety laws and regulations, we may be subject to various consequences, including substantial fines, potentially significant monetary damages or suspensions of our business operations, which may in turn adversely impact our business, financial conditions and results of operations.

In addition, we cannot fully eliminate the risk of accidental personal injury at our production facilities during our production processes. In the event of any accident, we could be held liable for damages that, to the extent not covered by existing insurance or indemnification, which could be burdensome to our business. Other adverse effects could result from such liability, including reputational damage resulting in the loss of business from customers. We may also be forced to suspend operations at certain of our affected production facilities temporarily for investigation and inspection purposes. As a result, any accidental personal injury could have a material and adverse impact on our business, financial conditions and results of operations.

If we fail to comply with anti-bribery or anti-money laundering laws, our reputation may be harmed, and we could be subject to significant penalties and expenses that could have a material adverse effect on our business, financial conditions and results of operations.

We are subject to the laws governing anti-bribery and anti-money laundering in the PRC. In the PRC, the Anti-Unfair Competition Law, and provisions of the Criminal Code, prohibit giving and receiving money or property (which includes cash, proprietary interests and items of value) to obtain an undue benefit. Further, in the PRC, Anti-Money Laundering Law of the People's Republic of the PRC (《中華人民共和國反洗錢法》), promulgated by the Standing Committee of the National People's Congress on October 31, 2006 and effective on January 1, 2007, prohibits money laundering. Our procedures and controls to monitor anti-bribery and anti-money laundering compliance may fail to protect us from reckless or criminal acts committed by our employees. If we fail to comply with applicable anti-bribery laws and anti-money laundering laws, we may be subject to criminal and civil penalties and sanctions or incur significant expenses, and our reputation could be harmed, all of which could have a material adverse effect on our business, financial conditions and results of operations.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to the completion of the [**REDACTED**], there has been no public market for our H Shares. There can be no guarantee that an active [**REDACTED**] for our H Shares will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company, the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), which may not be indicative of the [**REDACTED**] at which our H Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our H Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

The [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The [**REDACTED**] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in mainland China that have listed their securities in Hong Kong may affect the volatility in the [**REDACTED**] for our H Shares. A number of mainland China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards mainland China-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] performance of our H Shares. Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including the [**REDACTED**] Investors) could not dispose of any of the Shares held by them. Due to such lock-up requirement, the liquidity and trading volume of the H Shares in the short term following the [**REDACTED**] may be significantly affected. These factors may significantly affect the [**REDACTED**] and volatility of our H Shares, regardless of our actual operating performance.

Future [REDACTED] of substantial amounts of our H Shares in the public market could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

The [**REDACTED**] of our H Shares could decline as a result of future [**REDACTED**] of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of [**REDACTED**] or other securities, or the perception that such [**REDACTED**] or issuances may occur. Future [**REDACTED**], or anticipated [**REDACTED**], of substantial amounts of our securities, including any future [**REDACTED**], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our shareholders may experience dilution in their holdings if we issue more securities in the future. [**REDACTED**] or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You will incur immediate and substantial dilution if the [REDACTED] of our H Shares is higher than the net tangible asset value per H Share and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider [**REDACTED**] additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we [**REDACTED**] additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Certain facts and other statistics in this document with respect to the markets in which we operate and the jewelry industries are derived from official government sources, documents, or statements, and may not be accurate, reliable, complete or up to date.

We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics obtained from official government sources, documents, or statements contained in this document. Certain facts, forecasts and other statistics relating to the jewelry industries contained in this document, particularly in "Industry Overview", have been derived from various public data sources and other independent third-party sources including Frost & Sullivan. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, information from official government sources, documents, or statements has not been independently verified by us or any of the Relevant Persons. Any facts, forecasts, and other statistics from such sources may not be prepared on a comparable basis or may not be consistent with other sources. Neither we nor the Relevant Persons are responsible for the accuracy, reliability or completeness of information from such official government sources, documents, or statements. For these reasons, you should not place undue reliance on such information as a basis for making your [**REDACTED**] in the Shares. You should carefully consider the importance placed on such information or statistics.

The interests of the Company's Controlling Shareholders may conflict with the best interests of its other Shareholders.

Immediately upon the completion of the [**REDACTED**], without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a [**REDACTED**] of our Company and may significantly reduce the price of our H Shares.

We have no experience operating as a public company, and we may incur increased costs as a result of becoming a [REDACTED] company.

We have no experience conducting our operations as a public company. As a result of the [**REDACTED**] on the Hong Kong Stock Exchange, we may face enhanced administrative and compliance requirements, which may make us incur substantial related costs and expenses that we did not incur as a private company. We expect rules and regulations applicable to public companies to increase our accounting, legal and financial compliance costs and to make certain corporate activities more time-consuming and costly. Our management may be required to devote substantial time and attention to our public reporting obligations and other compliance matters. We will evaluate and monitor developments with respect to these rules and regulations, but we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. Our reporting and other compliance obligations as a public company may place a significant strain on our management, operational and financial resources and systems for the foreseeable future.

In addition, since we are becoming a public company, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a public company, our management will have to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "aim", "anticipate", "believe", "continue", "could", "expect", "estimate", "intend", "may", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would" or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning future operations, liquidity and capital resources. Investors of our H Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. See "Forward-Looking Statements" in this document.

Investors should read the entire document carefully before making an [REDACTED] decision concerning our H Shares and should not rely on information from other sources, such as press articles, media or research coverage without carefully considering the risks and the other information in this document.

There may be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press, media or research analyst coverage regarding us, our business, our industry and the [**REDACTED**].

You should rely solely upon the information contained in this document in making your [**REDACTED**] decisions regarding the Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media or research analyst reports nor the fairness or the appropriateness of any forecasts, views or opinions expressed by the press, other media or research analyst regarding the Shares, the [**REDACTED**], our business, our industry or us.

We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this document, we disclaim them. Accordingly, prospective investors are cautioned to make their [**REDACTED**] decisions on the basis of information contained in this document only and should not rely on any other information.