

2024



2024
INTERIM REPORT

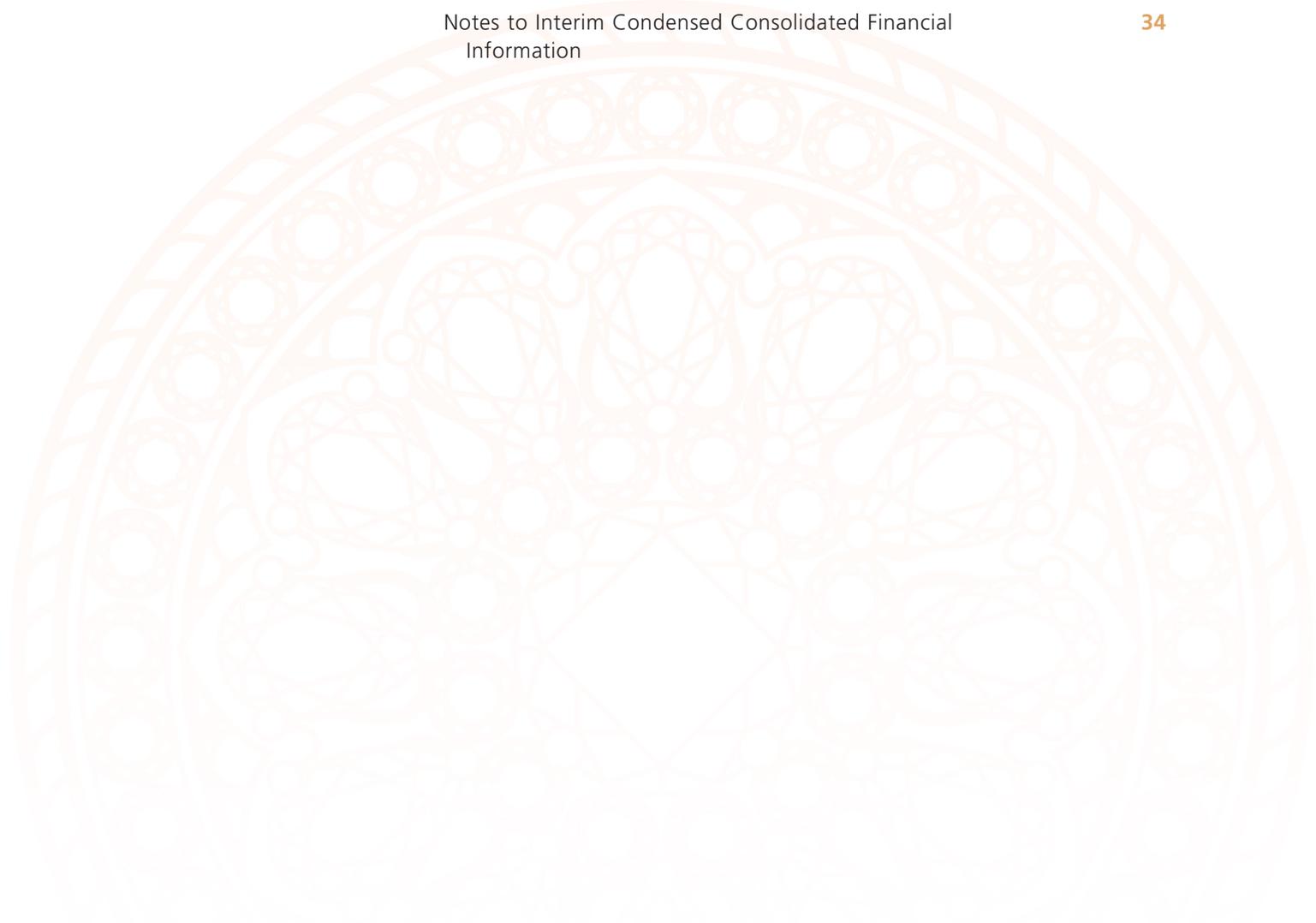
Laopu Gold Co., Ltd.
老鋪黃金股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 6181

Contents

Corporate Information	2
Definitions	4
Financial Highlights	8
Management Discussion and Analysis	10
Other Information	22
Independent Review Report	26
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	27
Interim Condensed Consolidated Statement of Financial Position	29
Interim Condensed Consolidated Statement of Changes in Equity	31
Interim Condensed Consolidated Statement of Cash Flows	32
Notes to Interim Condensed Consolidated Financial Information	34



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. XU Gaoming (*Chairman of the Board*)
Mr. FENG Jianjun
Mr. XU Rui
Mr. JIANG Xia

Independent Non-Executive Directors

Mr. SUN Yijun
Dr. HE Yurun
Mr. SEE Tak Wah

AUDIT COMMITTEE

Dr. HE Yurun (*Chairperson*)
Mr. SEE Tak Wah
Mr. SUN Yijun

REMUNERATION AND APPRAISAL COMMITTEE

Mr. SEE Tak Wah (*Chairperson*)
Mr. FENG Jianjun
Dr. HE Yurun

NOMINATION COMMITTEE

Mr. SUN Yijun (*Chairperson*)
Mr. XU Gaoming
Dr. HE Yurun

STRATEGY COMMITTEE

Mr. XU Gaoming (*Chairperson*)
Mr. FENG Jianjun
Mr. XU Rui

JOINT COMPANY SECRETARIES

Ms. HE Jing
Ms. LI Ching Yi

AUTHORIZED REPRESENTATIVES

Mr. XU Rui
Ms. LI Ching Yi

REGISTERED OFFICE AND HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Rooms 3-6, 6/F
No. 3 West Building
The Towers at Oriental Plaza
No. 1 Dong Chang'an Avenue
Dongcheng District, Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19th Floor, Golden Centre
188 Des Voeux Road Central
Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

LEGAL ADVISERS

As to Hong Kong law

O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC law

Global Law Office
20/F Tower 1
China Central Place
No. 81 Jianguo Road
Chaoyang District
Beijing
China

Corporate Information (Continued)

COMPLIANCE ADVISER

Rainbow Capital (HK) Limited
Office No. 710, 7/F Wing On House
71 Des Voeux Road Central
Central
Hong Kong

PRINCIPAL BANK

Industrial and Commercial Bank of
China, Beijing Xindongan Branch
1/F 138 Wangfujing Street
Dongcheng District
Beijing
China

AUDITOR

Ernst & Young
Certificated Public Accountants
Registered Public Interest Entity Auditor
27/F, One TaiKoo Place
979, King's Road
Quarry Bay
Hong Kong

STOCK CODE

6181

COMPANY WEBSITE

www.lphj.com

Definitions

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings.

"Articles of Association"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"China", "Chinese Mainland" or "the PRC"	the People's Republic of China excluding, for the purposes of this Interim report, Hong Kong, Macau and Taiwan
"China Gold Association"	a nationwide not-for-profit organization dedicated to gold industry mechanism establishment, approved and registered by the Ministry of Civil Affairs of the People's Republic of China and the former State Economic and Trade Commission in November 2001 in accordance with the Proposal for Reforming the State Gold Management System defined by the State Council
"Company"	Laopu Gold Co., Ltd. (老鋪黃金股份有限公司), a limited liability company incorporated in the PRC on December 5, 2016 which was converted into a joint stock company with limited liability on November 25, 2019, whose H Shares are listed on the Stock Exchange (Stock Code: 6181)
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Xu, Mr. Xu Dongbo, Hongqiao Jinji and Tianjin Jincheng
"Director(s)"	the director(s) of the Company
"filigree inlay (花絲鑲嵌)"	a traditional gold crafting technique that combines filigree technique and inlay technique. It was approved by the State Council of the People's Republic of China to be included in the national intangible cultural heritage list in 2008
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., Ltd. an independent market research and consulting company
"gem-set jewelry"	jewelries with diamonds or other gemstones inlaid

Definitions (Continued)

“gemstone”	mineral crystals of aesthetics value, often used to make jewelry or ornament, among which diamond is a special kind of gemstone formed only from one single element of carbon, in comparison with other gemstones
“Global Offering”	the Hong Kong Public Offering and the International Offering
“gold and silver inlay (金銀錯)”	a traditional technique of embedding threads of gold and silver to make decorative patterns on the surface of an object. It was approved by the State Council of the People’s Republic of China to be included in the national intangible cultural heritage list in 2014
“Group”, “our Group”, “our”, “we”, or “us”	the Company and all of its subsidiaries, or any one of them as the context may require
“H Share(s)”	Shares which an application has been made for listing and permission to trade on the Hong Kong Stock Exchange with nominal value of RMB1.00 each
“heat treatment of enamels (燒藍)”	a decorative process that entails the application of colored enamel glaze onto the surface of gold products, which results in a vibrant and multi-hued appearance
“heritage gold (古法黃金) jewelry”	a type of pure gold jewelry that combines modern designs and classic Chinese culture, features matte (啞光), sandy (磨砂) or other texture of ancient royal jewelry, and applies at least two Chinese traditional handmade gold crafting techniques as specified in the group standards published by the China Gold Association
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hongqiao Jinji”	Beijing Hongqiao Jinji Consulting Co., Ltd. (北京紅喬金季諮詢顧問有限公司), a limited liability company incorporated in the PRC on July 5, 2017 and one of our Controlling Shareholders
“IFRS”	International Financial Reporting Standards, amendments and interpretations issued by the International Accounting Standards Board

Definitions (Continued)

"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	June 28, 2024, on which the H Shares were listed and on which dealings in the H Shares were first permitted to commence on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MixC"	a high-end shopping mall under China Resources (Holdings) Company Limited (華潤(集團)有限公司), with a geographic layout covering over 30 cities in China
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" as contained in Appendix C3 to the Listing Rules
"Mr. Xu"	Mr. XU Gaoming (徐高明), our executive Director and one of our Controlling Shareholders
"Mr. Xu Dongbo"	Mr. XU Dongbo (徐東波), one of our Controlling Shareholders, the son of Mr. Xu
"Prospectus"	the prospectus of the Company dated June 20, 2024
"pure gold"	refers to fine gold with gold content of 99.0% or above, according to the PRC National Standard No. GB11887
"Reporting Period"	for the six months ended June 30, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)

Definitions (Continued)

“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, including both Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“SKP”	a high-end shopping mall under BHG, with Beijing SKP, Xi’an SKP, Chengdu SKP and etc. in its network
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	member(s) of our Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“Tianjin Jincheng”	Tianjin Jincheng Enterprise Management Consulting L.P. (Limited Partnership) (天津金橙企業管理諮詢合夥企業(有限合夥)), a stock incentive platform established in the PRC which is controlled by Hongqiao Jinji as the general partner and one of our Controlling Shareholders
“Unlisted Shares”	unlisted ordinary Share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange
“%”	per cent

Financial Highlights

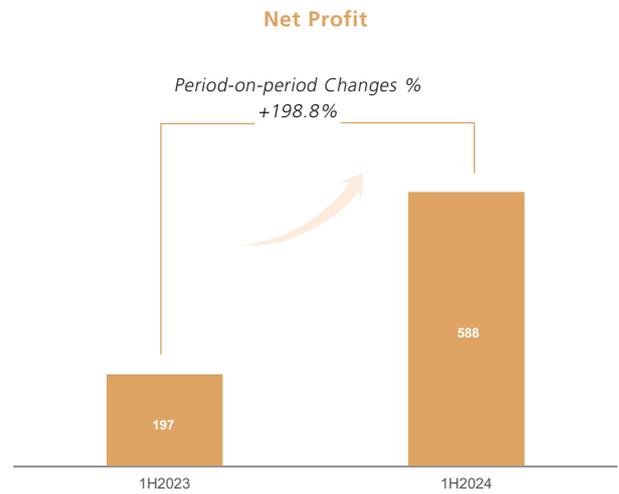
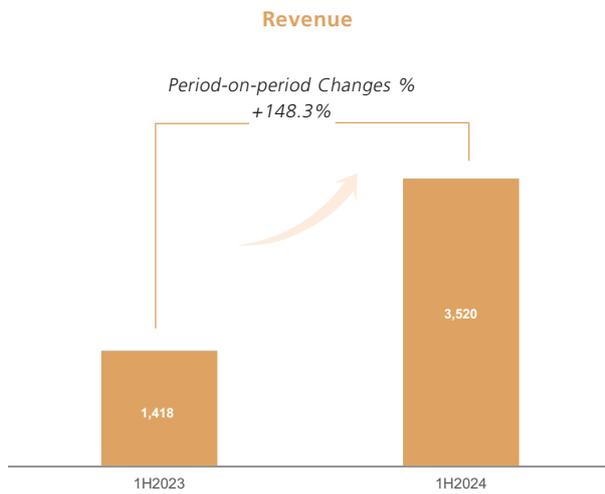
REVENUE AND NET PROFIT

Revenue

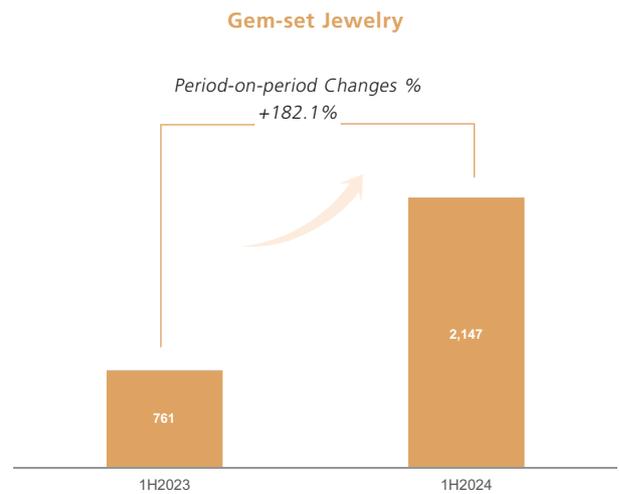
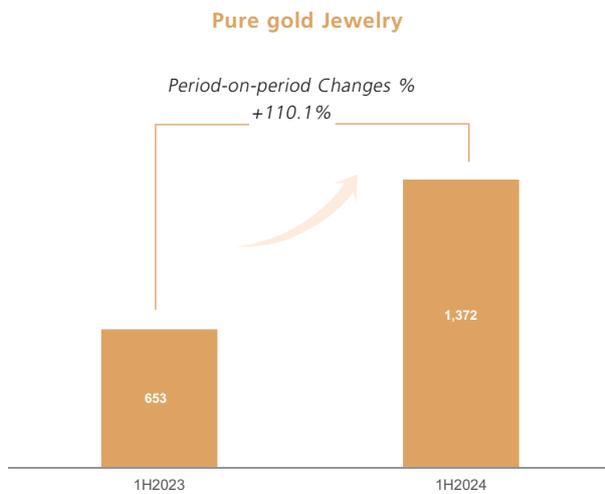
3,520 (RMB Million)
+148.3% Period-on-period Changes %

Net Profit

588 (RMB Million)
+198.8% Period-on-period Changes %



REVENUE BY MAIN PRODUCT TYPE



Financial Highlights (Continued)

HIGHLIGHTS OF FINANCIAL RESULTS

	Six months ended June 30		
	2024	2023	Period-on-period
	(Unaudited)	(Unaudited)	change
	RMB'000	RMB'000	RMB'000
Revenue	3,520,185	1,417,512	2,102,673
Gross Profit	1,454,982	590,500	864,482
Profit before tax	780,396	259,579	520,817
Income tax expense	192,584	62,825	129,759
Net profit for the Period	587,812	196,754	391,058
Earnings per Share attributable to ordinary equity holders of the Company			
Basic and diluted (RMB)	4.11	1.44	2.67

HIGHLIGHTS OF STATEMENT OF FINANCIAL POSITION

	As at	As at	Change
	June 30, 2024	December 31,	
	(Unaudited)	2023	
	RMB'000	(Audited)	RMB'000
Non-current assets	434,609	382,711	51,898
Current assets	3,406,112	1,775,836	1,630,276
Total assets	3,840,721	2,158,547	1,682,174
Non-current liabilities	164,954	168,987	(4,033)
Current liabilities	778,531	474,144	304,387
Total liabilities	943,485	643,131	300,354
Total equity	2,897,236	1,515,416	1,381,820
Total equity and liabilities	3,840,721	2,158,547	1,682,174

Management Discussion and Analysis

BUSINESS REVIEW

We are the top heritage gold (古法黃金) jewelry brand in China as recognized by the China Gold Association. Among the key brands in China's gold jewelry market, we are the only brand that focuses on the design, manufacture and sale of heritage gold jewelry, according to Frost & Sullivan. We believe that our brand positioning, product theme and style, sales network, and scenario-based boutique style contributed to our success.

For the Reporting Period, the Group's revenue was approximately RMB3,520.19 million, representing an increase of approximately RMB2,102.68 million or approximately 148.3% as compared with the revenue of approximately RMB1,417.51 million for the corresponding period of 2023. For the Reporting Period, the Group's gross profit was approximately RMB1,454.98 million, representing an increase of approximately RMB864.48 million or approximately 146.4% as compared with the gross profit of approximately RMB590.50 million for the corresponding period of 2023. The above increases were mainly attributable to the following factors:

1. The expansion of brand influence of the Group which led to an overall increased boutiques revenue inventory, including both online and offline channels

With over a decade of dedicated work in the field of Chinese heritage gold artifact craftsmanship, we have built significant brand advantage and brand influence by leveraging our first-mover advantage:

- We were the drafting unit to draft the group standards for "Heritage Gold Artifact" (《古法金飾品》團體標準) and "Heritage Gold Artifact Inlaid with Diamonds" (《古法金鑲嵌鑽石飾品》團體標準) as published by the China Gold Association;
- Based on expert interviews and researches for public information conducted by Frost & Sullivan, we were the first brand in the industry to introduce diamond-inlaid pure gold jewelry, setting trends for the industry;
- According to Frost & Sullivan, as of June 30, 2024, we ranked first in terms of coverage rate of the top ten high-end shopping malls among all gold jewelry brands in the PRC;
- According to Frost & Sullivan, for the six months ended June 30, 2024, we ranked first in terms of single-store sales among all gold jewelry brands in the PRC;
- We were one of the only two Chinese gold jewelry brands listed in the "2023 Hurun Supreme Brands – China's High Net-Worth Individuals' Brand Preferences Report" (《2023 胡潤至尚優品 – 中國高淨值人群品牌傾向報告》) and the "2024 Hurun Supreme Brands – China's High Net-Worth Individuals' Brand Preferences Report" (《2024 胡潤至尚優品 – 中國高淨值人群品牌傾向報告》); and
- The expansion of brand influence has led to continuous growth of same-store revenue. Same-store revenue growth rate for the six months ended June 30, 2024 was approximately 104.2%.

Management Discussion and Analysis (Continued)

2. The continuing optimization, promotion and iteration of the Group's products which facilitated the sustained revenue growth

Through years of dedication and commitment, we have promoted many developments and advancements in China's gold jewelry industry. Our brand was founded in 2009, according to Frost & Sullivan, we were the first gold jewelry brand in China to promote the concept of heritage gold, the first to introduce diamond-inlaid pure gold jewelry, and the first to apply heat treatment of enamels (燒藍) to pure gold products. Over the years, we have cultivated a dedicated creation team with an innovative team culture, which empowers us to continue to conduct independent and innovative research and development, underpinned by our cultural values and operational mechanisms, thus promoting continuous growth of revenue.

We prioritize originality and emphasize product research, development, innovation and quality control. We continually launch new featured products to stay competitive in the market. As of June 30, 2024, we created over 1,800 original product designs and had 243 domestic patents, 1,207 work copyrights and 164 overseas patents. Our commitment to independent research and development supports continuous iterations, upgrades and optimizations of our products, which enables us to consistently introduce featured products.

3. Customers' preference for high-quality heritage gold products with significant cultural and product value resulting from the changes in consumer consumption attitudes and upgrading of consumption concepts

According to Frost & Sullivan, heritage gold has heralded a new product era in China's gold jewelry industry. In recent years, the gold jewelry market has witnessed new opportunities for development. Driven by the rapid increase in consumer demand for high-quality products, heritage gold products have emerged as one of the most promising and fastest-growing categories in the gold jewelry market.

With our first-mover advantages in the heritage gold jewelry industry, dedication in product design and manufacture, continuing innovation in product research and development, and quality customer service offerings, we believe we are well-positioned to capture the huge growth of China's heritage gold jewelry market.

We are the Chinese top heritage gold jewelry brand accredited by the China Gold Association, epitomizing Chinese classical culture and intangible cultural heritage craftsmanship such as "filigree inlay" (花絲鑲嵌), "enamels" (琺瑯) and "gold and silver inlay" (金銀錯) through our comprehensive product portfolio. We focus on creating high quality products that harmonize cultural and fashionable attributes, including daily wear accessories, as well as traditional Chinese handicrafts and stationeries, daily use and decorative ornaments and vessels, to cater to the diverse needs and different ages of consumers. As of June 30, 2024, the number of our loyalty members reached approximately 275,000, and the consumer base is constantly expanding.

Management Discussion and Analysis (Continued)

4. As compared to the corresponding period of 2023, the Company had six new boutiques and expanded one boutique which resulted in an increased revenue contribution

With our high-quality brand identity, as well as the track records of our existing boutiques, we have gained a strong channel expansion capability, enabling us to systematically open new boutiques at coveted positions in reputable commercial centers with stringent entry requirements. As of June 30, 2024, we self-operated a total of 33 boutiques in 14 cities, all of which were located in reputable commercial centers with stringent entry requirements, including four in SKP and ten in MixC (萬象城).

As compared to the corresponding period of 2023, the Company had six new boutiques and expanded one boutique (Shenyang MixC B1 Boutique) which resulted in an increased revenue contribution.

The new boutiques are listed below:

- New boutiques opened in the second half of 2023: Guangzhou TaiKoo Hui Boutique (廣州太古匯店), Nanjing Deji Plaza Phase I Boutique (南京德基廣場一期店) and Hangzhou MixC L2 Boutique (杭州萬象城 L2 層店)
- New boutiques opened in the first half of 2024: Beijing China World Mall Boutique (北京國貿商城店), Hong Kong Flagship Store (香港旗艦店) and Tianjin MixC Boutique (天津萬象城店)

On March 31, 2024, Laopu Gold celebrated the grand opening of its flagship store in Hong Kong located at Canton Road in Tsim Sha Tsui. This three-storey streetside boutique located opposite Harbour City, with a gross floor area of over 1,000 square meters, is currently our largest single store, and it is also an important step in our pursuit of the “big store” business model and gradual internationalization process.

OUTLOOK AND PROSPECT

In the future, we will always adhere to our high-end brand positioning and constantly expand the market awareness of our brand. With our continuous innovation in product research and development and craftsmanship, we will continue to promote product upgrades and iterations. Adhering to the market strategy of “dedicated to brand internationalization and global market presence”, we will actively expand in terms of market areas and market space, and build our brand into a globally competitive Chinese high-end gold jewelry brand.

Our growing brand influence, products that excite the market and past performance makes us confident in our future growth prospects. We will always adhere to the corporate values we have always upheld, and pursue the brand vision of “brand internationalization and global market presence”. We are determined to showcase traditional Chinese handcrafted gold jewelry, as a symbol of classic Chinese culture, on the world stage, and usher in a new era for the industry.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

The following discussion is based on, and should be read in conjunction with, the financial information set out elsewhere in this interim report and the notes thereto.

Revenue

Revenue by Sales Channels

Our boutiques are themed around classical Chinese study room scenes to largely enhance customer shopping experience. Our premium boutique locations naturally attract high net-worth consumers that perfectly match with our brand positioning, and the premium environments of our boutiques serve as a testament to our brand identity. In addition, we also reach consumers nationwide through online channels, including our flagship stores on Tmall and JD.com, which are independent third-party e-commerce platforms, as well as our WeChat Mini Program that we developed to optimize our customer experience and increase our online sales.

We have adopted an integrated offline and online jewelry retail structure that combines both offline boutiques and online sales channels to provide customers with a seamless and consistent shopping experience. The following table sets forth a breakdown of our revenue by sales channels for the periods indicated:

	For the six months ended June 30,					
	2024		2023		Period-on-period Changes	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%	RMB'000	%
Boutiques	3,128,721	88.9	1,253,641	88.4	1,875,080	149.6
Online platforms	391,464	11.1	163,871	11.6	227,593	138.9
Total	3,520,185	100.0	1,417,512	100.0	2,102,673	148.3

The sale of our products is still mainly through boutique channels. Online platforms are a powerful complement to enhance customers' shopping experience, revenue generated from online platforms which accounted for approximately 11.1% of total revenue during the Reporting Period, which remained stable.

Management Discussion and Analysis (Continued)

Revenue by Product Type

We generated almost all of our revenue from sales of products and a tiny portion of our revenue was generated from the provision of after-sale services. We design, manufacture and sell pure gold jewelry products which combines ancient wisdom and modern fashions. Our gold jewelry products primarily comprise pure gold jewelry and gem-set jewelry (with diamonds or other gemstones inlaid in pure gold). Gem-set jewelry products are widely loved by consumers, and their revenue contribution further increased during the Reporting Period as compared to the corresponding period of 2023. The following table sets forth a breakdown of our revenue by product type for the periods indicated:

	For the six months ended June 30,					
	2024		2023		Period-on-period Changes	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%	RMB'000	%
Pure gold jewelry	1,372,085	39.0	652,911	46.0	719,174	110.1
Gem-set jewelry	2,146,735	61.0	760,889	53.7	1,385,846	182.1
Others	1,365	0.0	3,712	0.3	(2,347)	(63.2)
Total	3,520,185	100.0	1,417,512	100.0	2,102,673	148.3

Our product mix include daily wear accessories, as well as traditional Chinese handcrafts and stationeries, daily use and decorative ornaments and vessels to cater to consumers from different age groups and with diverse needs. These products exhibit a higher level of craftsmanship complexity, deeply integrating and reflecting cultural elements and aesthetic appeal, further reinforcing our brand's unique positioning and greatly satisfying consumers' various needs.

Profitability

With our first-mover advantages in the heritage gold jewelry industry, dedication in product design and manufacture, continuing innovation in product research and development, and quality customer service offerings, we believe we are well-positioned to capture the huge growth of China's heritage gold jewelry market.

During the Reporting Period, the Group's gross profit margin was basically stable at approximately 41.3%. The gross profit was approximately RMB1,454.98 million, representing an increase of approximately RMB864.48 million or approximately 146.4% as compared to the gross profit for the six months ended June 30, 2023. The net profit of the Group increased by approximately 198.8% from approximately RMB196.75 million for the six months ended June 30, 2023 to approximately RMB587.81 million for the six months ended June 30, 2024.

The increases in revenue and gross profit during the Reporting Period were mainly due to (i) the expansion of brand awareness of the Group which led to an overall increased revenue for existing boutiques, including both online and offline channels; (ii) the continuing optimization, promotion and iteration of the Group's products which facilitated the sustained revenue growth; (iii) customers' preference for high-quality heritage gold products with significant cultural and product value resulting from the changes in consumer consumption attitudes and upgrading of consumption concepts; and (iv) as compared to the corresponding period of 2023, the Company had six new boutiques and expanded one boutique which resulted in an increased revenue contribution. For details, please refer to the paragraph headed "Business Review" in this interim report.

Management Discussion and Analysis (Continued)

Selling and Administrative Expenses and Other Expenses

Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses of the Group were approximately RMB532.15 million, representing an increase of approximately RMB282.26 million or approximately 113.0% as compared with the corresponding period of 2023, mainly due to (i) an increase in shopping mall and platform commission fees and rental expenses, which was in line with the increase in revenue from boutiques and online sales and the increase in depreciation and amortization, and also related to the expansion of our boutique channels; (ii) an increase in staff costs as a result of the expansion of our sales team and the increase in their remuneration, which was in line with our business growth; and (iii) an increase in advertising and promotion expenses as a result of placing more advertisements in shopping malls and on new media in the first half of 2024.

Administrative Expenses

During the Reporting Period, the administrative expenses of the Group were approximately RMB124.63 million, representing an increase of approximately RMB56.72 million or approximately 83.5% as compared with the corresponding period of 2023, mainly due to (i) an increase in staff costs as a result of the increased number of our administrative staff and an increase in their remuneration, which was in line with our business growth; (ii) an increase in professional service fees primarily for legal and accounting professional services incurred as a result of the Listing; (iii) an increase in bank charges relating to bank card settlements with customers due to the rising sales revenue; and (iv) an increase in other expenses which mainly included travel expenses, information technology costs, other taxes, transportation and miscellaneous charges, renovation expenses and others.

Research and Development Expenses

During the Reporting Period, the research and development expenses of the Group were approximately RMB6.56 million, representing an increase of approximately RMB1.89 million or approximately 40.5% as compared with the corresponding period of 2023, mainly due to an increase in staff costs as a result of the increased number of our research and development staff and an increase in their remuneration, which was in line with our business growth.

Management Discussion and Analysis (Continued)

Other Expenses, Net

During the Reporting Period, the other expenses, net of the Group were approximately RMB2.38 million, representing an increase of approximately RMB0.98 million or approximately 69.5% as compared with the corresponding period of 2023, mainly due to an increase in impairment.

The following table sets forth a breakdown of our expenses for the periods indicated:

	For the six months ended June 30,			
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	Period-on-period Changes RMB'000	%
Selling and distribution expenses	532,153	249,895	282,258	113.0
Administrative expenses	124,628	67,908	56,720	83.5
Research and development expenses	6,555	4,667	1,888	40.5
Other expenses, net	2,383	1,406	977	69.5
Total	665,719	323,876	341,843	105.5

By Expense Category

During the Reporting Period, the various expenses of the Group accounted for approximately 18.9% of its revenue, representing a decrease of approximately 3.9% from approximately 22.8% for the corresponding period in 2023. It was mainly because the increase in sales revenue was higher than the increase in expenses during the Reporting Period.

The following table sets forth a breakdown of expense categories as a percentage of revenue for the periods indicated:

	For the six months ended June 30,		
	2024 As a percentage of revenue	2023 As a percentage of revenue	Period-on-period Change %
Staff costs	5.3%	8.1%	(2.8)
Shopping mall, platform commission fees and rental expenses	8.3%	7.6%	0.7
Depreciation and amortization expenses	2.1%	3.6%	(1.5)
Advertising and promotion expenses	0.4%	0.8%	(0.4)
Share-based payments	0.4%	0.2%	0.2
Professional service fees	0.7%	0.6%	0.1
Bank charges	0.5%	0.5%	0.0
Others	1.2%	1.4%	(0.2)
Total percentage of revenue	18.9%	22.8%	(3.9)

Management Discussion and Analysis (Continued)

Income Tax Expense

We are subject to income tax on an entity basis on profits generated in or derived from the jurisdictions in which members of our Group reside and operate. During the Reporting Period, our income tax expense was approximately RMB192.58 million, while the income tax expense we incurred for the corresponding period in 2023 was approximately RMB62.83 million. For details of the calculation of income tax, please refer to “Note 7 Income tax expense” on page 38 of this interim report.

Cash and Cash Equivalents, Bank Deposits and Bank Loans and Liquidity

On June 30, 2024, the cash and bank balances of the Company were approximately RMB823.90 million, which were mainly due to proceeds raised from the Listing. As at June 30, 2024, the cash and bank balances of the Company are mainly denominated in Hong Kong dollars due to the proceeds raised from the Listing.

On June 30, 2024, the interest-bearing bank borrowings of the Company was approximately RMB126.87 million. Please refer to “Note 17 interest-bearing bank borrowings” on page 45 of this Interim Report.

The cumulative operating cash inflow of the Company during the Reporting Period was approximately RMB66.64 million. The revenue and expenses of the Company are mainly denominated in RMB.

Current Assets, Financial Resources and Gearing Ratio

On June 30, 2024, the inventory balance of the Company was approximately RMB2,108.43 million, representing an increase of approximately 66.3% compared to December 31, 2023. The increase in inventory is in line with the performance growth of the Company and the demand for new store openings.

The funds required for the day-to-day business of the Company were mainly funded by the operating capital and short-term borrowings are also mainly used to meet the inventory stocking capital requirements of the peak season or the newly expanded store network. The Group did not have any difficulty in repaying the loans.

We remained focus on maintaining a reasonable gearing ratio. Gearing ratio is calculated by dividing total liabilities by total assets and multiplying by 100%. As at June 30, 2024, the gearing ratio of the Company was approximately 24.6% (as at December 31, 2023: 29.8%).

Significant Investment, Major Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

As of June 30, 2024, the Company did not hold any significant investment. The Company had no material acquisition or disposal during the six months ended June 30, 2024. There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Future Plans Regarding Significant Investment or Capital Assets

Except for the expansion of new offline boutiques and the establishment of new overseas companies, the Company did not have any specific plan for significant investment or capital assets.

Management Discussion and Analysis (Continued)

Pledge of Assets

As at June 30, 2024, the Company had no assets pledged (as at December 31, 2023, inventories with a carrying amount of approximately RMB30 million were pledged for our bank loans).

Contingent Liabilities

As of June 30, 2024, the Company did not have any contingent liabilities.

Exchange Risk Management

Our management believes that the exchange risk of foreign currency is not significant as the majority of business transactions occur in Chinese Mainland and all domestic transactions are mainly denominated in Renminbi. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital Expenditure

During the Reporting Period, the capital expenditure of the Company was approximately RMB64.91 million, which was mainly for the opening of new stores and the upgrading, transformation and decoration of stores.

Human Resources, Employees and Remuneration Policies

We offer a comprehensive compensation and benefits package, including salaries, bonuses, maternity leave, and other allowances, on top of social insurance and housing provident fund contributions. For employees who work overtime, we will compensate them according to their base salary and overtime hours, and allow them to take paid leave within a reasonable period of time. We require all our department heads to reasonably allocate manpower in a way that can maximize work efficiency and avoid unnecessary overtime work so as to protect the legitimate interests of our employees. In addition, we also embrace diversity and inclusion, so all our employees enjoy equal opportunities in all respects, ranging from recruitment, training, welfare coverage, career and personal development during their time with us.

Besides, we will also continue to encourage a culture of work-life balance, in order to create a positive and comfortable work environment for our employees. Our policy is to treat all employees equally regardless of age and gender. We conduct internal assessment to ensure the fairness of employee compensation, and motivate, attract, and retain outstanding talents through equity incentive plans.

The Company maintains its well-established performance-based remuneration policy with discretionary year-end performance bonuses. Training was provided to new and existing staff to keep pace with the expansion of our store network.

As at June 30, 2024, the Group had 1,064 employees, of which 1,013 were employees in Chinese Mainland and 51 were employees in Hong Kong and Macau.

Management Discussion and Analysis (Continued)

The table below sets forth the breakdown of our employees by function as at June 30, 2024:

Function	Number	Percentage of Total Number
Administrative	236	22%
Sales and marketing	474	45%
Production	341	32%
Research and design	13	1%
Total	1,064	100%

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Full Exercise of Over-allotment Option

The Over-allotment Option described in the Prospectus has been fully exercised by the Sole Overall Coordinator (for itself and on behalf of the International Underwriters) on July 25, 2024 in respect of an aggregate of 3,355,300 H Shares (the “**Over-allotment Shares**”), representing approximately 15% of the total number of the Offer Shares available under the Global Offering (taking into account the full exercise of the Offer Size Adjustment Option but before any exercise of the Over-allotment Option). The Over-allotment Shares were allotted and issued by the Company at HK\$40.50 per H Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%), being the Offer Price per H Share under the Global Offering. For details, please refer to the announcement of the Company dated July 25, 2024 (the “**OAO Announcement**”). Unless otherwise defined herein, capitalized terms used in this interim report shall have the same meanings as those defined in the OAO Announcement and the Prospectus.

Proposed Amendments to the Articles of Association and Adoption of the New Articles of Association

On August 30, 2024, the Board considered and approved to amend the Articles of Association and to adopt the new Articles of Association in order to (i) bring the Articles of Association up to date and in line with the latest PRC regulatory requirements; and (ii) incorporate certain housekeeping amendments (the “**Proposed Amendments**”).

The Proposed Amendments was approved by a special resolution by the shareholders of the Company at the extraordinary general meeting of the Company (the “**EGM**”) dated September 20, 2024. A circular containing, among others, details of the Proposed Amendments and a notice convening the EGM was circulated to the Company’s shareholders on September 5, 2024. For details, please refer to the announcement of the Company dated August 30, 2024, circular dated September 5, 2024 and poll results announcement dated September 20, 2024.

Management Discussion and Analysis (Continued)

Proposed Implementation of the H Share Full Circulation by the Company

On August 30, 2024, the Board has considered and approved the proposal for the implementation of the H share full circulation, which is to convert 40,388,900 unlisted shares of the Company (the “**Unlisted Shares**”) in aggregate into H Shares (the “**H Share Full Circulation**”). Upon obtaining all the relevant approvals (including filing with the CSRC) and having complied with all the applicable laws, regulations and rules, such Unlisted Shares will be converted into H Shares, and the Company will also apply to the Stock Exchange for the listing of and permission to deal in such H Shares on the Main Board of the Stock Exchange (the “**Conversion and Listing**”). The Conversion and Listing was approved by the Shareholders at an extraordinary general meeting by way of ordinary resolution on September 20, 2024. For details, please refer to the announcement of the Company dated August 30, 2024, circular dated September 5, 2024 and poll results announcement dated September 20, 2024.

Save as disclosed in this interim report and as at the date of this interim report, there were no significant events occurred after the Reporting Period that require additional disclosure or adjustments.

USE OF NET PROCEEDS FROM THE LISTING

The H Shares of the Company were listed on the Main Board of the Stock Exchange on June 28, 2024. After deducting underwriting fees, commissions and other related estimated listing expenses, the total net proceeds of the Group’s initial public offering and the exercise of the Over-allotment Option of approximately HK\$957.1 million (the “**Net Proceeds**”) will be allocated and utilized in accordance with the intended purposes as set out in the Prospectus.

The intended and actual usage of the Net Proceeds as at June 30, 2024 are set out below:

Intended use of the Net Proceeds	Distribution of the Net Proceeds* HK\$ million	Percentage of the total Net Proceeds	Amount of the Net Proceeds	Balance of	Expected
			utilized during the Reporting Period HK\$ million	unutilized proceeds as of June 30, 2024* HK\$ million	timetable for full utilization of the unutilized Net Proceeds
(i) allocated to expand sales network	701.6	73.3%	–	701.6	On or before December 31, 2027
(ii) allocated to maintain brand positioning and increase our brand awareness	108.2	11.3%	–	108.2	On or before December 31, 2027
(iii) allocated to optimize the internal information technology system and enhance the level of automation and informatization	25.8	2.7%	–	25.8	On or before December 31, 2027
(iv) allocated to strengthen our research and development capabilities	25.8	2.7%	–	25.8	On or before December 31, 2027
(v) allocated to our general working capital and general corporate purposes	95.7	10.0%	–	95.7	On or before December 31, 2027
Total*	957.1	100%	–	957.1	

* The total Net Proceeds of approximately HK\$957.1 million include approximately HK\$826.6 million net proceeds raised from the Group’s initial public offering in June 2024 and approximately HK\$130.4 million net proceeds raised from the exercise of the Over-allotment Option in July 2024. Details of the exercise of the Over-allotment Option were disclosed in the announcement of the Company dated July 25, 2024.

Management Discussion and Analysis (Continued)

As of June 30, 2024, the Net Proceeds have not been utilized. As at the date of this interim report, the Board is not aware of any material change to the plan as to the use of the Net Proceeds.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2024.

Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintain high standards of corporate governance to safeguard the interests of the Company's Shareholders and to enhance corporate value and accountability. The Company has adopted the principles and code provisions set out in the CG Code as its own code of corporate governance. From the Listing Date to the date of this interim report, the Company has complied with all code provisions set out in the CG Code, except for the following deviations. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code and maintain a high standard of corporate governance practices of the Company.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. According to the current structure of the Board, Mr. Xu is our chairman of the Board and general manager of our Company. With extensive experience in the jewelry industry and having served in our Company since its establishment, Mr. Xu is in charge of the overall corporate and business strategies of our Group. Our Board considers that vesting the roles of chairman of the Board and general manager in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, which comprises experienced and visionary individuals. Since the Listing, our Board comprises four executive Directors (including Mr. Xu) and three independent non-executive Directors, and therefore has a strong independence element in its composition.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors and Supervisors. Having made specific enquiries with all Directors and Supervisors of the Company, each of the Directors and Supervisors has confirmed that they have complied with the required standard set out in the Model Code from the Listing Date to the date of this interim report.

The Company's relevant employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company from the Listing Date to the date of this interim report.

CHANGE IN DIRECTORS', SUPERVISORS' AND THE SENIOR MANAGEMENT'S INFORMATION

As at June 30, 2024, there is no change in the information of the Directors, Supervisors and the senior management required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2024, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Other Information (Continued)

Interests in Shares

Name of Director	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares issued (%) ⁽²⁾	Approximate percentage of shareholding in the total Shares issued (%) ⁽²⁾
Mr. Xu Gaoming ("Mr. Xu") ^{(3) & (4)}	Beneficial owner/Interest in controlled corporations/ Interest held jointly with another person	Unlisted Shares	66,055,390	89.76%	40.03%
		H Shares	45,584,410	49.86%	27.63%

Notes:

- (1) All interests are long positions.
- (2) As at June 30, 2024, the Company had issued 165,011,400 Shares in total, including 73,591,840 Unlisted Shares and 91,419,560 H Shares.
- (3) As at June 30, 2024, Hongqiao Jinji directly held 56,101,300 Shares and was deemed to be interested in 9,284,900 Shares held by Tianjin Jincheng of which Hongqiao Jinji is the general partner, under the SFO. Hongqiao Jinji was held as to 70% by Mr. Xu and 30% by Mr. Xu Dongbo. Mr. Xu, Mr. Xu Dongbo, Hongqiao Jinji and Tianjin Jincheng are regarded as a group of Controlling Shareholders and together were entitled to exercise voting rights attached to the 111,639,800 Shares, representing approximately 67.66% of the total issued share capital of our Company.
- (4) As at June 30, 2024, Mr. Xu directly held 31,934,400 Shares. Mr. Xu Dongbo directly held 14,319,200 Shares. On November 8, 2023, Mr. Xu and Mr. Xu Dongbo entered into a joint-control confirmation. Mr. Xu and Mr. Xu Dongbo are deemed to be concert parties who have been and will continue to act in concert in the management and operation of our Group.

Save as disclosed above, as at June 30, 2024, none of the Directors, Supervisors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2024, the following persons (not being a Director, Supervisor or chief executives of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares issued (%) ⁽²⁾	Approximate percentage of shareholding in the total Shares issued (%) ⁽²⁾
Mr. Xu ^{(3) & (4)}	Beneficial owner, interest held by controlled corporations, interest held jointly with another person	Unlisted Shares	66,055,390	89.76%	40.03%
		H Shares	45,584,410	49.86%	27.63%
Mr. Xu Dongbo ^{(3) & (4)}	Beneficial owner, interest held by controlled corporations, interest held jointly with another person	Unlisted Shares	66,055,390	89.76%	40.03%
		H Shares	45,584,410	49.86%	27.63%
Hongqiao Jinji ^{(3) & (4)}	Beneficial owner, interest held by controlled corporations	Unlisted Shares	38,303,230	52.05%	23.21%
		H Shares	27,082,970	29.62%	16.41%
Mr. CHEN Guodong	Beneficial owner	Unlisted Shares	7,536,450	10.24%	4.57%
		H Shares	7,536,450	8.24%	4.57%
Tianjin Jincheng	Beneficial owner	Unlisted Shares	4,642,450	6.31%	2.81%
		H Shares	4,642,450	5.08%	2.81%
Huang River Investment Limited ⁽⁵⁾ ("Huang River")	Beneficial owner	H Shares	6,751,000	7.38%	4.09%
Tencent Holdings Limited ⁽⁵⁾ ("Tencent")	Interest held by controlled corporations	H Shares	6,751,000	7.38%	4.09%

Notes:

- (1) All interests are long positions.
- (2) As at June 30, 2024, the Company had issued 165,011,400 Shares in total, including 73,591,840 Unlisted Shares and 91,419,560 H Shares.
- (3) As at June 30, 2024, Hongqiao Jinji directly held 56,101,300 Shares and was deemed to be interested in 9,284,900 Shares held by Tianjin Jincheng of which Hongqiao Jinji is the general partner, under the SFO. Hongqiao Jinji was held as to 70% by Mr. Xu and 30% by Mr. Xu Dongbo. Mr. Xu, Mr. Xu Dongbo, Hongqiao Jinji and Tianjin Jincheng are regarded as a group of Controlling Shareholders and together were entitled to exercise voting rights attached to the 111,639,800 Shares, representing approximately 67.66% of the total issued share capital of our Company.

Other Information (Continued)

- (4) As at June 30, 2024, Mr. Xu directly held 31,934,400 Shares. Mr. Xu Dongbo directly held 14,319,200 Shares. On November 8, 2023, Mr. Xu and Mr. Xu Dongbo entered into a joint-control confirmation. Mr. Xu and Mr. Xu Dongbo are deemed to be concert parties who have been and will continue to act in concert in the management and operation of our Group.
- (5) As at June 30, 2024, Huang River directly held 6,751,000 H Shares. Huang River is wholly-owned by Tencent. As such, under the SFO, Tencent is deemed to be interested in the equity interest held by Huang River.

Save as disclosed above, as at June 30, 2024, the Company had not been notified by any other persons (other than the Directors, Supervisors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the period, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or Supervisors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR SALE OF TREASURY SHARES

During the six months ended June 30, 2024, except for the Global Offering in connection with the Listing, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities or sold any treasury Shares (as defined under the Listing Rules). As at June 30, 2024, the Company did not hold any treasury Shares (as defined under the Listing Rules).

AUDIT COMMITTEE

The Audit Committee consists of three members, all of which are independent non-executive Directors, namely Dr. He Yurun (Chairperson), Mr. Sun Yijun and Mr. See Tak Wah, with written terms of reference in accordance with the requirements of the Listing Rules. The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group with the Company's management and external auditors, and reviewed the interim results of the Company for the six months ended June 30, 2024. The Audit Committee reviewed and considered that the interim financial results for the six months ended June 30, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. The Company's independent auditor, Ernst & Young, has performed an independent review of the Group's unaudited interim financial information for the six months ended June 30, 2024 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

On behalf of the Board
Mr. Xu Gaoming
Chairman of the Board
PRC, August 30, 2024

Independent Review Report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent review report

To the directors of Laopu Gold Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 27 to 52, which comprises the condensed consolidated statement of financial position of Laopu Gold Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

30 August 2024

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	4	3,520,185	1,417,512
Cost of sales		(2,065,203)	(827,012)
Gross profit		1,454,982	590,500
Other income and gains	4	1,847	1,396
Selling and distribution expenses		(532,153)	(249,895)
Administrative expenses		(124,628)	(67,908)
Research and development expenses		(6,555)	(4,667)
Other expenses, net		(2,383)	(1,406)
Finance costs	5	(10,714)	(8,441)
PROFIT BEFORE TAX	6	780,396	259,579
Income tax expense	7	(192,584)	(62,825)
PROFIT FOR THE PERIOD		587,812	196,754
Attributable to:			
Owners of the Company		587,812	196,754
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB)	9	4.11	1.44

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the Six Months Ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	587,812	196,754
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1,245	2,614
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	1,245	2,614
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	589,057	199,368
Attributable to:		
Owners of the Company	589,057	199,368

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	104,074	57,549
Right-of-use assets	11(a)	265,776	252,219
Other intangible assets		2,774	2,877
Deferred tax assets		11,576	12,538
Prepayments, deposits and other assets		50,409	57,528
Total non-current assets		434,609	382,711
CURRENT ASSETS			
Inventories	12	2,108,428	1,267,932
Trade receivables	13	369,912	376,325
Prepayments, deposits and other assets		103,871	61,741
Cash and cash equivalents	14	823,901	69,838
Total current assets		3,406,112	1,775,836
CURRENT LIABILITIES			
Trade payables	15	226,219	57,662
Other payables and accruals	16	222,900	140,090
Interest-bearing bank borrowings	17	126,866	127,754
Contract liabilities		45,243	27,766
Lease liabilities	11(b)	121,477	101,394
Tax payable		35,826	19,478
Total current liabilities		778,531	474,144
NET CURRENT ASSETS		2,627,581	1,301,692
TOTAL ASSETS LESS CURRENT LIABILITIES		3,062,190	1,684,403

Interim Condensed Consolidated Statement of Financial Position (Continued)

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Deferred income		1,035	1,150
Other payables and accruals	16	2,887	2,418
Lease liabilities	11(b)	161,032	165,419
Total non-current liabilities		164,954	168,987
NET ASSETS			
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	165,011	142,643
Reserves	19	2,732,225	1,372,773
Total equity		2,897,236	1,515,416

Interim Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2024

	Share capital RMB'000 (note 18)	Share premium* RMB'000 (note 20)	Share-based payment reserve* RMB'000 (note 20)	Exchange fluctuation reserve* RMB'000 (note 20)	Statutory surplus reserve* RMB'000 (note 20)	Retained profits* RMB'000	Total equity RMB'000
At 1 January 2024	142,643	599,948	20,254	1,641	76,061	674,869	1,515,416
Profit for the period	-	-	-	-	-	587,812	587,812
Other comprehensive income for the period:							
Exchange differences on translation of the Company's financial statements	-	-	-	1,245	-	-	1,245
Total comprehensive income for the period	-	-	-	1,245	-	587,812	589,057
Issuance of ordinary shares	22,368	804,483	-	-	-	-	826,851
Share issue expenses	-	(48,104)	-	-	-	-	(48,104)
Share-based payments	-	-	14,016	-	-	-	14,016
At 30 June 2024 (unaudited)	165,011	1,356,327	34,270	2,886	76,061	1,262,681	2,897,236

* These reserve accounts comprise the consolidated reserves of RMB2,732,225,000 in the interim condensed consolidated statements of financial position as at 30 June 2024.

	Share capital RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Exchange fluctuation reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2023	136,500	384,340	11,621	2,480	38,346	296,282	869,569
Profit for the period	-	-	-	-	-	196,754	196,754
Other comprehensive income for the period:							
Exchange differences on translation of the Company's financial statements	-	-	-	2,614	-	-	2,614
Total comprehensive income for the period	-	-	-	2,614	-	196,754	199,368
Transfer from retained profits	-	-	-	-	-	-	-
Share-based payments	-	-	2,313	-	-	-	2,313
At 30 June 2023 (unaudited)	136,500	384,340	13,934	5,094	38,346	493,036	1,071,250

Interim Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		780,396	259,579
Adjustments for:			
Interest income	4	(596)	(278)
Finance costs	5	10,714	8,441
Gain on disposals of property, plant and equipment and other assets		–	(4)
Loss on disposals of property, plant and equipment and other assets		1,513	328
Impairment of trade receivables loss, net	13	478	994
Impairment of prepayments, deposits and other assets loss, net		248	47
Write-down of inventories to net realisable value	12	1,433	720
Depreciation of property, plant and equipment		17,272	11,555
Depreciation of right-of-use assets	11(a)	63,214	40,015
Amortisation of other intangible assets and other assets		3,015	1,178
Government grants released		(115)	(454)
Equity-settled share-based payments		14,016	2,313
		891,588	324,434
Increase in inventories		(839,861)	(156,538)
Decrease/(increase) in trade receivables		7,824	(65,672)
(Increase)/decrease in prepayments, deposits and other receivables		(51,334)	1,630
Increase in trade payables		166,198	45,025
Increase in other payables and accruals		49,557	17,838
Increase in contract liabilities		17,475	1,810
Increase in deferred income		–	812
Increase in restricted bank deposits		–	(8)
Cash generated from operations		241,447	169,331

Interim Condensed Consolidated Statement of Cash Flows (Continued)

For the Six Months Ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cash generated from operations		241,447	169,331
Interest received		596	278
Income tax paid		(175,406)	(56,034)
Net cash flows from operating activities		66,637	113,575
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment and other assets		–	181
Purchases of items of property, plant and equipment and other assets		(32,559)	(17,403)
Net cash flows used in investing activities		(32,559)	(17,222)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		826,851	–
Share issue expenses		(30,348)	–
New bank and other borrowings		160,000	–
Repayment of bank and other borrowings		(159,000)	(14,000)
Cash received from lease deposits		11	1,242
Payment of lease deposits		(5,951)	(1,836)
Payments of lease liabilities		(67,764)	(39,570)
Interest paid		(3,512)	(2,944)
Net cash flows from/(used in) financing activities		720,287	(57,108)
NET INCREASE IN CASH AND CASH EQUIVALENTS		754,365	39,245
Cash and cash equivalents at beginning of the period		69,838	60,282
Effect of foreign exchange rate changes, net		(302)	519
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14	823,901	100,046
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	823,901	100,054
Less: Restricted deposits		–	(8)
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of cash flows	14	823,901	100,046

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

1. CORPORATE AND GROUP INFORMATION

Laopu Gold Co., Ltd. (the “Company”) is a company limited by shares established in the People’s Republic of China (“PRC”). The address of the registered office of the Company is located at Rooms 3-6, 6/F, No. 3 West Building, The Towers at Oriental Plaza, No. 1 Dong Chang’an Avenue, Dongcheng District, Beijing, PRC. Its H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 28 June 2024.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) were manufacture and sale of jewellery, provision of maintenance and repair services.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for each of the years ended 31 December 2021, 2022 and 2023 as set out in the accountants’ report (the “Accountants’ Report”) included in the prospectus of the Company dated on 20 June 2024 (the “Prospectus”).

The unaudited interim condensed consolidated financial information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Accountants’ Report, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the above revised IFRSs has no significant financial effect on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their service and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

Major operating entities are domiciled in the PRC. Most of the revenues of the Group from external customers are generated in the PRC. Besides, most of the assets of the Group are located in the PRC. Thus, no geographic information is presented.

Information about major customers

No revenue from sales to a single external customer or a group of external customers under common control accounted for 10% or more of the Group’s revenue during the six months ended 30 June 2024 and 2023.

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

4. REVENUE, OTHER INCOME AND GAINS**Revenue**

An analysis of the Group's revenue is as follows:

Revenue from contracts with customers**(i) Disaggregated revenue information**

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Types of goods or services		
Sales of goods	3,519,833	1,417,369
Maintenance and repair services	352	143
Total revenue from contracts with customers	3,520,185	1,417,512
Geographical markets		
Chinese Mainland	3,232,628	1,357,081
Hong Kong and Macau	287,557	60,431
Total revenue from contracts with customers	3,520,185	1,417,512
Timing of revenue recognition		
Goods transferred at a point in time	3,519,833	1,417,369
Service transferred at a point in time	352	143
Total	3,520,185	1,417,512
Types of goods or services		
Pure gold jewelry	1,372,085	652,911
Gem-set jewelry	2,146,735	760,889
Others	1,365	3,712
Total	3,520,185	1,417,512

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is mainly on cash and credit card settlement under self-operated model. With respect to the collection by shopping malls of retail payment from customer would be made to the Company within 30 or 60 days.

Maintenance and repair services

The performance obligation is satisfied as services are rendered and payment is received upon the completion of services.

As the original expected duration of the contracts from customers of the Group are within one year or less, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation.

Other income and gains

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Other income		
Interest income	596	278
Government grants*	183	480
Others	328	254
Subtotal	1,107	1,012
Gains		
Foreign exchange differences	555	215
Gain on disposal of items of property, plant and equipment and other assets	–	4
Others	185	165
Subtotal	740	384
Total	1,847	1,396

* Government grants have been received from local government authorities as subsidies to the Group, which mainly represent the rental subsidies related to the operating activities. Except for the lease term, there were no unfulfilled conditions or contingencies relating to these grants.

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

5. FINANCE COSTS

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest on bank borrowings		3,510	3,679
Interest on lease liabilities	11(b)	7,107	4,709
Others		97	53
Total		10,714	8,441

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of inventories sold*		2,065,203	827,012
Depreciation of property, plant and equipment**		17,272	11,555
Depreciation of right-of-use assets**	11(a)	63,214	40,015
Amortisation of intangible assets and other assets		3,015	1,178
Lease payments not included in the measurement of lease liabilities		192,944	86,236
Gain on disposals of property, plant and equipment and other assets***		–	(4)
Loss on disposals of property, plant and equipment and other assets***		1,513	328
Expenses related to previous A-share attempt****		–	7,713
Listing expenses****		17,662	–
Equity-settled share-based payments		14,016	2,313
Employee benefit expenses (excluding directors' and supervisors' remunerations):			
Wages and salaries		202,004	117,682
Pension scheme contributions (defined contribution schemes)		11,437	8,463
Net impairment loss of trade receivables***	13	478	994
Net impairment loss of prepayments, deposits and other assets***		248	47

* The amounts disclosed for cost of inventories sold included write-down of inventories to net realisable value.

** The depreciation of property, plant and equipment and right-of-use assets is included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development expenses" in profit or loss, respectively.

*** The amounts are included in "Other income and gains" and "Other expense" in profit or loss.

**** The amounts are included in "Administrative expenses" in profit or loss.

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

PRC Corporate Income Tax

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the Company and subsidiaries which operate in Chinese Mainland were subject to CIT Law at a rate of 25% on the taxable profit during the Reporting Period.

Hong Kong Profits Tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, while the subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary were taxed at 8.25% and the remaining assessable profits were taxed at 16.5% during the Reporting Period.

Macau Complementary Tax

Macau complementary tax was calculated at the excess progressive rate of 3% to 12% on the estimated assessable profit during the Reporting Period.

The income tax expenses for the Reporting Period are as follows:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current	191,622	66,204
Deferred	962	(3,379)
Total	192,584	62,825

8. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the Reporting Period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 143,011,218 (six months ended 30 June 2023: 136,500,000) in issue during the Reporting Period.

No adjustment has been made to the basic earnings per share amounts presented for the Reporting Period for a dilution as the Group had no potentially dilutive ordinary shares in issue during the Reporting Period.

The calculation of basic and diluted earnings per share is based on:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company:	587,812	196,754

	Number of shares Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period	143,011,218	136,500,000

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of approximately RMB63,951,000 (six months ended 30 June 2023: RMB16,267,000).

Assets with a net book value of approximately RMB196,000 were disposed of by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB499,000), resulting in a net loss on disposal of approximately RMB196,000 (six months ended 30 June 2023: RMB318,000).

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

11. LEASES

The condensed consolidated statement of financial position shows the following amounts relating to leases:

As a lessee

(a) Right-of-use assets

The carrying amounts of the Group's and the Company's right-of-use assets and the movements during the Reporting Period are as follows:

	Office premises and buildings RMB'000	Stores RMB'000	Total RMB'000
As at 1 January 2023	32,925	162,801	195,726
Additions	4,776	129,322	134,098
Depreciation charge	(12,127)	(79,280)	(91,407)
Revision of a lease term arising from a change in the non-cancellable period of a lease	581	12,649	13,230
Exchange realignment	3	569	572
As at 31 December 2023	26,158	226,061	252,219
As at 31 December 2023 and 1 January 2024	26,158	226,061	252,219
Additions	8,661	50,549	59,210
Depreciation charge	(7,095)	(56,119)	(63,214)
Revision of a lease term arising from a change in the non-cancellable period of a lease	1,378	15,699	17,077
Exchange realignment	6	478	484
As at 30 June 2024 (unaudited)	29,108	236,668	265,776

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

11. LEASES *(Continued)*

The condensed consolidated statement of financial position shows the following amounts relating to leases: (Continued)

As a lessee *(Continued)***(b) Lease liabilities**

The carrying amounts of the Group's lease liabilities and the movements during the Reporting Period are as follows:

	Six months ended 30 June 2024 (Unaudited) RMB'000	Year ended 31 December 2023 (Audited) RMB'000
Carrying amount at beginning of the year/period	266,813	198,697
New leases	58,741	133,585
Accretion of interest recognised during the year/period	7,107	10,415
Revision of a lease term arising from a change in the non-cancellable period of a lease	17,077	13,180
Payments	(67,764)	(89,690)
Exchange realignment	535	626
Carrying amount at end of the year/period	282,509	266,813
Analysed into:		
Current portion	121,477	101,394
Non-current portion	161,032	165,419
Total	282,509	266,813

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

12. INVENTORIES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Finished goods	1,073,206	791,294
Raw materials	543,836	292,001
Work in progress	487,205	182,236
Goods in transit	4,181	2,401
Total	2,108,428	1,267,932

As at 30 June 2024, the Company does not have pledged inventory (pledged inventories on 31 December 2023: RMB30,000,000). For further details, please refer to note 17 to interim condensed consolidated financial information.

Write-downs of inventories to net realisable value amounted to RMB1,433,000 for six months ended 30 June 2024 (six months ended 30 June 2023: RMB720,000). These were included in "Profit before tax" in the interim condensed consolidated statement of profit and loss during the Reporting Period.

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

13. TRADE RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables	375,147	381,082
Impairment	(5,235)	(4,757)
Total	369,912	376,325

The Group's trade receivables usually generate from sales through boutiques and online platform which help collect sales proceeds. The Group usually grants a credit period of within 30 or 60 days to the relevant shopping malls and online platform. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

The fair values of trade receivables at the end of the Reporting Period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

An ageing analysis of the trade receivables at the end of Reporting Period, based on the date of revenue recognition and net of loss allowance for impairment, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 month	210,509	329,797
1 to 2 months	97,204	22,821
2 to 3 months	46,758	23,702
Over 3 months	15,441	5
Total	369,912	376,325

The movements in the loss allowance for impairment/reversal of impairment of trade receivables are as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
At beginning of the year/period	4,757	1,221
Impairment loss, net (note 6)	478	3,536
Exchange realignment	—*	—*
At end of the year/period	5,235	4,757

* The amount of exchange realignment is less than 1 thousand.

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

14. CASH AND CASH EQUIVALENTS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Cash and cash equivalents	823,901	69,838
Denominated in:		
RMB	16,256	42,646
HKD	803,520	24,240
MOP	4,125	2,952
Total	823,901	69,838

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made within three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

15. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 month	122,534	29,829
1 to 2 months	99,474	27,621
2 to 3 months	2,627	119
Over 3 months	1,584	93
Total	226,219	57,662

Trade payables to third parties of the Company are non-interest-bearing. The trade payables to third parties are normally settled on credit terms of one to three months after the invoice date.

The fair values of trade payables as at the end of the Reporting Period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

16. OTHER PAYABLES AND ACCRUALS

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Current			
Deposits		14,020	3,800
Salary and welfare payables		62,977	63,268
Other payables		69,150	25,686
Accruals		43,556	27,340
Interest payable		207	110
Other tax payable		32,990	19,886
		222,900	140,090
Non-current			
Provisions	(a)	2,887	2,418

(a) Non-current portion of other payables and accruals mainly represented provisions in relation to the projected restoration costs for boutiques.

17. INTEREST-BEARING BANK BORROWINGS

	At 30 June 2024 (Unaudited)			At 31 December 2023 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	–	–	–	2.24-3.98	2024	127,754
Bank loans – unsecured	1.90-3.70	2025	126,866	–	–	–
Total			126,866			127,754

Notes:

- (i) All interest-bearing bank borrowings are denominated in RMB.
- (ii) The following assets were pledged as securities for interest-bearing bank borrowings:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Inventories	–	30,000

- (iii) The Group's total facilities for bank borrowings amounted to RMB146,866,000 (year ended 31 December 2023: RMB127,754,000) of which RMB126,866,000 had been utilised as at 30 June 2024 (year ended 31 December 2023: RMB127,754,000).

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

18. SHARE CAPITAL

	30 June 2024 (Unaudited) RMB	31 December 2023 (Audited) RMB
Authorised and fully paid: Ordinary shares with par value of RMB1.00 each	165,011,400	142,642,500

A summary of movement in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB
At 1 January 2023	136,500,000	136,500,000
Issuance of ordinary shares (Note a)	6,142,500	6,142,500
At 31 December 2023 and 1 January 2024	142,642,500	142,642,500
Issuance of ordinary shares (Note b)	22,368,900	22,368,900
At 30 June 2024 (unaudited)	165,011,400	165,011,400

Notes:

- a) In connection with the Pre-IPO, 6,142,500 ordinary shares of a par value of RMB1.00 each were issued at a price of approximately RMB36.63 per share at a total cash consideration, before deducting the share issue expense, of RMB225,000,000.
- b) In connection with the IPO, 22,368,900 ordinary shares of a par value of RMB1.00 each were issued at a price of HK\$40.50 per share at a total cash consideration, before deducting the underwriting fees and commissions and other estimated listing expenses, of approximately HK\$905,940,000.

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

19. SHARE-BASED PAYMENTS

The Group approved and adopted the stock incentive scheme (the "Stock Incentive Plan") for certain employees of the Group ("Share Incentive Participants") in order to recognise the contributions of Share Incentive Participants to the growth and development of the Group, and incentivize them to further promote the development of the Group.

In order to implement the Stock Incentive Plan, Tianjin Jincheng Enterprise Management Consulting Partnership (limited Partnership) ("Tianjin Jincheng"), Tianjin Jinji Enterprise Management Consulting Partnership (limited Partnership) ("Tianjin Jinji"), Tianjin Jinyong Enterprise Management Consulting Partnership (limited Partnership) ("Tianjin Jinyong") and Tianjin Jinli Enterprise Management Consulting Partnership (limited Partnership) ("Tianjin Jinli") were established and designated as stock incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners.

On August 20, 2018, the Group awarded 13,420,000 restricted share units ("RSUs") of the Group to 65 eligible employees at a subscribed price of RMB3.50. On April 23, 2019, the Group awarded 2,540,000 restricted share units of the Group to 68 eligible employees at a subscribed price of RMB4.00. On October 12, 2023, the Group granted 1,900,000 restricted share units of the Group to 56 eligible employees at a subscribed price of RMB7.90.

All of the RSUs granted to the Share Incentive Participants shall be subject to both a listing-based condition (the "IPO Condition") and a service-based condition (the "Service Condition"). The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange. Subject to the satisfaction of the IPO Condition, the Service Condition would be satisfied that the employee should remain in service during the prescribed period and there were no performance related requirements.

The fair value of the RSUs granted on August 20, 2018 was estimated at RMB4.50 per share as at the date of grant by reference to recent financing valuation of the Group.

The fair value of the RSUs granted on April 23, 2019 was estimated at RMB4.38 per share by an independent professionally qualified valuer.

The fair value of the RSUs granted on October 12, 2023 was estimated at RMB36.63 per share paid under the Pre-IPO Investments.

Share-based payment expenses recognised amounted to RMB14,016,000 and RMB2,313,000 by the Group during the six months ended June 30, 2024 and 2023, respectively.

The following RSUs were outstanding under the Stock Incentive Plan during the Reporting Period:

	30 June 2024 (Unaudited) Number of RSUs '000	31 December 2023 (Audited) Number of RSUs '000
At the beginning of the year/period	17,020	15,260
Granted during the year/period	–	1,900
Vested during the year/period	(5,490)	–
Forfeited during the year/period	–	(140)
At the end of the year/period	11,530	17,020

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

20. RESERVES

The amounts of the Group's reserves and the movements therein for the Reporting Period and the six months ended 30 June 2023 are presented in the interim condensed consolidated statement of changes in equity.

Share premium

The share premium account represents the amount paid by shareholders for capital injection in excess of the par value of the ordinary shares subscribed and the capital contribution from controlling shareholder.

Share-based payment reserve

The Group's share-based payment reserve represents the share-based compensation reserve arising from equity-settled share awards details of the movements are set out in the interim condensed consolidated statement of changes in equity.

Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase the share capital of the Company and subsidiaries provided that the reserve balance after such conversion is not less than 25% of the registered capital of the Company and subsidiaries. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences due to the translation of the financial statements of group companies whose functional currencies are different from the Group's presentation currency.

21. COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contracted, but not provided for Leasehold improvements	4,200	2,569

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

22. RELATED PARTY TRANSACTIONS AND BALANCES

The directors of the Company are of the view that the following parties are related parties that had material transactions or balances with the Group during the Reporting Period.

(a) Name and relationship of related parties*

Name	Relationship
Mr. Xu Gaoming	Executive Director and ultimate controlling shareholder
Mr. Sui Wu	Supervisor
Mr. Chen Wang	Close family member of Ms. Peng Liuhua, a Supervisor
Ms. Li Jia	Secretary of the Board of Directors and Chief Financial Officer
Ms. Wu Yanjun	Key management personnel of the Group
Dr. He Yurun	Independent Non-executive Director

* The English names of all the above related parties represent the best effort made by the directors of the Group to translate the Chinese names as these related parties have not been registered with any official English names.

(b) Sales of goods to related parties were as follows:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Related parties:		
Mr. Chen Wang	64	–
Mr. Xu Gaoming	407	1,095
Ms. Li Jia	38	–
Ms. Wu Yanjun	34	–
Mr. Sui Wu	2	–
Dr. He Yurun*	43	–
Total	588	1,095

* The amount of transactions with the related party only includes the amount for the period during which he became a related party of the Group.

The transaction amounts above between the Group and related parties included the transaction amounts between the related parties and their family members.

The prices for the above sales of goods were determined according to the published prices and conditions offered to other customers of the Group.

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

22. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(c) Outstanding balances with a related party:

As disclosed in the interim condensed consolidated statement of financial position, the Group had no outstanding balances with any related party at the end of the Reporting Period.

(d) Compensation of key management personnel of the Group:

Details of the compensation of key management personnel of the Group are disclosed as follows:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Salaries, allowances and benefits in kind	11,343	4,697
Pension scheme contributions	265	248
Equity-settled share-based payments	475	234
Total compensation of key management personnel	12,083	5,179

23. FINANCIAL INSTRUMENTS BY CATEGORY

Both the financial assets and liabilities of the Group as at the end of the Reporting Period were measured at amortised cost and their carrying amounts are as follows:

Financial assets

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Financial assets at amortised cost		
Trade receivables	369,912	376,325
Financial assets included in prepayments, deposits and other receivables	55,515	47,216
Cash and cash equivalents	823,901	69,838
Total	1,249,328	493,379

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

23. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Financial liabilities at amortised cost		
Trade payables	226,219	57,662
Financial liabilities included in other payables and accruals	126,933	56,936
Lease liabilities	282,509	266,813
Interest-bearing bank borrowings	126,866	127,754
Total	762,527	509,165

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables (current), trade payables, financial liabilities included in other payables and accruals (current), interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included in the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sales.

The fair values of financial assets included in prepayments, deposits and other receivables (non-current) and financial liabilities included in other payables and accruals (non-current) have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair values as a result of the Group's own non-performance risk for financial assets included in prepayments, deposits and other receivables (non-current) and interest-bearing loans and other borrowings (non-current) as at 30 June 2023 and 2024 were assessed to be insignificant.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. Chief financial officer reports directly to the board of directors of the Company. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2024

25. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Full Exercise of Over-allotment Option

The Over-allotment Option described in the Prospectus has been fully exercised by the Sole Overall Coordinator (for itself and on behalf of the International Underwriters) on July 25, 2024 in respect of an aggregate of 3,355,300 H Shares (the "Over-allotment Shares"), representing approximately 15% of the total number of the Offer Shares available under the Global Offering (taking into account the full exercise of the Offer Size Adjustment Option but before any exercise of the Over-allotment Option). The Over-allotment Shares were allotted and issued by the Company at HK\$40.50 per H Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%), being the Offer Price per H Share under the Global Offering.

Proposed Amendments to the Articles of Association and Adoption of the New Articles of Association

On August 30, 2024, the Board considered and approved to amend the Articles of Association and to adopt the new Articles of Association in order to (i) bring the Articles of Association up to date and in line with the latest PRC regulatory requirements; and (ii) incorporate certain housekeeping amendments (the "Proposed Amendments").

The Proposed Amendments was approved by a special resolution by the shareholders of the Company at the extraordinary general meeting of the Company dated September 20, 2024 (the "EGM"). A circular containing, among others, details of the Proposed Amendments and a notice convening the EGM was circulated to the Company's shareholders on September 5, 2024.

Proposed Implementation of the H Share Full Circulation by the Company

On August 30, 2024, the Board has considered and approved the proposal for the implementation of the H share full circulation, which is to convert 40,388,900 unlisted shares of the Company (the "Unlisted Shares") in aggregate into H Shares (the "H Share Full Circulation"). Upon obtaining all the relevant approvals (including filing with the CSRC) and having complied with all the applicable laws, regulations and rules, such Unlisted Shares will be converted into H Shares, and the Company will also apply to the Stock Exchange for the listing of and permission to deal in such H Shares on the Main Board of the Stock Exchange (the "Conversion and Listing"). The Conversion and Listing was approved by the Shareholders at an extraordinary general meeting by way of ordinary resolution on September 20, 2024.