OUR HISTORY AND FOUNDERS

Our business was founded by Mr. Wang Zhongshan and Ms. Zhang Xiuqin, each of whom has more than 20 years of experience in jewellery industry. Ms. Zhang Xiuqin is the spouse of Mr. Wang Zhongshan. Prior to founding our Group, Mr. Wang Zhongshan devoted himself to the jewellery production and processing industry through accumulating valuable industry experience by engaging in gemstone inlay and learning from masters of arts and crafts in this field. See "Directors, Supervisors and Senior Management" for further details. We have evolved since 2000, when our operations were limited to processing and sale of jewellery. With the registration of "Mokingran" as our trademark in 2004, we began designing innovative jewellery products via OBM business model. We then further established our franchisees network since our first franchisee stores in 2012 and gradually become one of the very few major gold jewellery brands in the PRC with an operation that encompass key stages of the gold jewellery. Changle Huaye Jewellery Limited* (昌樂華業珠寶有限公司, now known as 夢金園黃金珠寶集團股份有限公司 MOKINGRAN JEWELLERY GROUP CO., LTD.) is our first manufacturing and operation entity established in Changle County, Weifang City, Shandong Province in 2000 and was principally engaged in processing, wholesale, and sales of jewellery upon its establishment. See "— Our Corporate Development" below for details.

We have continuously expanded our offline sales network through various subsidiaries. To embrace opportunities in e-commerce market, we established Shenzhen E-commerce with an Independent Third Party in August 2018. Shenzhen E-commerce is principally engaged in online sales of jewellery. See "— Our Corporate Development" and "— Our Subsidiaries" below for details.

OUR KEY MILESTONES

The following table sets forth our key milestones:

Year	Milestones/Events
2008 . . .	• We developed a patented technology of gold jewellery welding method (一種黃金飾品焊接方法), also known as "autogenous welding" (無焊料焊接) and increased the purity level of gold jewellery to 999.9.
2010 . . .	• Our trademark "梦金园" was awarded as the China Well-known Trademark by China Trademark Office of the State Administration for Industry and Commerce of the People's Republic of China.
2011 . . .	• Our patented technology of gold jewellery welding method (一種黃金飾品焊接方法), also known as "autogenous welding" (無焊料焊接) was awarded the China Patent Excellence Award (第十三屆中國專利優秀獎) by National Intellectual Property Administration of the People's Republic of China and was listed as Key Torch Plan Project (火炬計劃項目) by the Ministry of Science and Technology of the People's Republic of China.
2012 . . .	• We have sponsored the "Golden 100 Seconds (《黃金100秒》)" produced by CCTV 3 for eight years consecutively since 2012.
2013 . . .	• We were awarded the "Provincial Intangible Cultural Heritage (省級非物質文化遺產)" for our skills in respect of gold jewellery crafting.
2014 . . .	• We participated in the drafting of the national standard "Gold Ingot".
2016 . . .	• We successfully obtained the title of Guinness World Records — Largest Gold Ring and the Purest Gold Jewellery, with purity level of gold jewellery products reaching 99.9999.
2017 . . .	• We were awarded the China Patent Excellence Award for our "automatic thin wall gold tube necking machine (薄壁金管自動縮口機)".

Year		Milestones/Events
2019 . . .	●	We achieved technological breakthroughs and achieved domestic mass production of spring clasps for 18K-gold jewellery.
2022 . . .	●	We have been among the "Top Ten Enterprises in China in terms of Gold Jewellery Processing Volume (中國黃金首飾加工量十大企業)" for eight consecutive years since 2014.
	●	We have been awarded the "Top Ten Enterprises in China in terms of Gold and Jewellery Sales Revenue" for seven consecutive years since 2015.
	●	We won the title of Single Champion Enterprise in Manufacturing Industry in Shandong Province (山東省製造業單項冠軍企業).
2023 . . .	●	We commenced the operation of our gold jewellery intelligent manufacturing center.

OUR CORPORATE DEVELOPMENT

Establishment of our Company in September 2000

Our Company (formerly known as "Changle Huaye Jewellery Limited* (昌樂華業珠寶有限公司)", "Tianjin Mokingran Jewellery Limited* (天津夢金園珠寶首飾有限公司)", "Tianjin Mokingran Gold Jewellery Limited* (天津夢金園黃金珠寶有限公司)" and "Mokingran Gold Jewellery Group Limited* (夢金園黃金珠寶集團有限公司)") was established on September 8, 2000 in the PRC with an initial registered capital of RMB500,000, of which RMB250,000 was contributed by Mr. Wang Zhongshan in cash and RMB250,000 was contributed by Mr. Zhu Xuede (朱學德) in cash. Mr. Zhu is a friend of Mr. Wang Zhongshan and an Independent Third Party. The initial registered capital was fully paid up. Upon its establishment, our Company was owned as to 50% by Mr. Wang Zhongshan and 50% by Mr. Zhu Xuede (朱學德).

Ms. Zhang Xiuqin, spouse of Mr. Wang Zhongshan, acquired the entire equity interests held by Mr. Zhu Xuede (朱學德) at a consideration of RMB250,000 in December 2000. The consideration was determined based on the then registered capital of our Company and had been fully settled. Upon completion of the transfer of aforesaid equity interests, our Company was owned as to 50% by Mr. Wang Zhongshan and 50% by Ms. Zhang Xiuqin. Mr. Zhu Xuede (朱學德) disposed his entire equity interests in our Company due to his personal financial concerns.

Capital increases by our Controlling Shareholders from March 2003 to December 2015

After two rounds of capital increase by Mr. Wang Zhongshan and Ms. Zhang Xiuqin from March 2003 to May 2011, the registered capital of our Company was increased from RMB500,000 to RMB120 million, of which RMB59,750,000 was contributed by Mr. Wang Zhongshan in cash and RMB59,750,000 was contributed by Ms. Zhang Xiuqin in cash. The consideration of the above two rounds of capital increase was determined based on the then registered capital of our Company and had been fully paid up.

In December 2015, Tianjin Yuanjinmeng subscribed for the increased registered capital of RMB40 million in cash. Tianjin Yuanjinmeng has been owned as to 50% by Mr. Wang Guoxin and 50% by Ms. Wang Na since its establishment and up to the Latest Practicable Date. Mr. Wang Guoxin is the son of Mr. Wang Zhongshan and Ms. Zhang Xiuqin and Ms. Wang Na is the daughter of Mr. Wang Zhongshan and Ms. Zhang Xiuqin. The consideration of such capital increase was determined based on the then registered capital of our Company and had been fully paid up. Upon completion of the capital increase, our Company was owned as to 25.00%, 37.50% and 37.50% by Tianjin Yuanjinmeng, Mr. Wang Zhongshan and Ms. Zhang Xiuqin, respectively.

Capital increases by three Employee Shareholding Platforms in March 2016

In March 2016, our Employee Shareholding Platforms subscribed for the increased registered capital of RMB40 million in cash, of which Jinmeng Partnership, Jinyuan Partnership and Jinlong Partnership made capital contribution of RMB22 million, RMB9 million and RMB9 million, respectively. See "— Our Employee Shareholding Platforms" below for details of our Employee Shareholding Platforms. The consideration of such capital increase was determined based on the then net asset value of our Company as of the end of 2015 and had been fully paid up. Upon completion of the capital increase, our Company was owned as to 11.00%, 4.50%, 4.50%, 20.00%, 30.00% and 30.00% by Jinmeng Partnership, Jinyuan Partnership, Jinlong Partnership, Tianjin Yuanjinmeng, Mr. Wang Zhongshan and Ms. Zhang Xiuqin, respectively.

Conversion to a joint stock limited company

On June 7, 2018, all our then Shareholders passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock limited company. Upon completion of the conversion, the registered capital of our Company was RMB224,900,000 divided into 224,900,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion. The share conversion was completed on June 29, 2018.

Investment by our [REDACTED]

In March 2018, our Company entered into a capital increase agreement with Tianjin Haikai Xinchuang, Ping An Tianyu, Chengcheng Dinghui, Jiaxing Yugang and Ms. Huang Yi, pursuant to which Tianjin Haikai Xinchuang, Ping An Tianyu, Chengcheng Dinghui, Jiaxing Yugang and Ms. Huang Yi subscribed for increased registered capital of RMB10.00 million, RMB7.86 million, RMB1.14 million, RMB0.90 million and RMB5.00 million, respectively. The consideration of such capital increase was determined after arm's length negotiation among the parties with reference to the then net profits of the Company for the year ended December 31, 2017. Each of Tianjin Haikai Xinchuang, Ping An Tianyu, Chengcheng Dinghui, Jiaxing Yugang and Ms. Huang Yi fully settled their respective subscription amount on March 28, 2018, March 23, 2018, March 26, 2018, March 23, 2018 and March 23, 2018, respectively. Upon completion of the investment, the shareholding structure of our Company was as follows:

	Name of Shareholders	Number of Shares	Approximate equity interests percentage in our Company
			(%)
1	Wang Zhongshan	60,000,000	26.68%
2	Zhang Xiuqin	60,000,000	26.68%
3	Tianjin Yuanjinmeng	40,000,000	17.79%
4	Jinmeng Partnership	22,000,000	9.78%
5	Tianjin Haikai Xinchuang	10,000,000	4.45%
6	Jinyuan Partnership	9,000,000	4.00%
7	Jinlong Partnership	9,000,000	4.00%
8	Ping An Tianyu *(Note)*	7,860,000	3.49%
9	Huang Yi	5,000,000	2.22%
10	Chengcheng Dinghui *(Note)*	1,140,000	0.51%
11	Jiaxing Yugang *(Note)*	900,000	0.40%
		224,900,000	**100.00%**

Note:

Ping An Tianyu is a limited liability partnership established in the PRC on December 7, 2015, the general partner of which is Ping An Caizhi Investment Management Co., Ltd.* (平安財智投資管理有限公司). Chengcheng Dinghui is a limited liability partnership established in the PRC on September 30, 2017, the general partner of which is Guangzhou Chengcheng Equity Investment Management Co., Ltd.* (廣州成誠股權投資管理有限公司). Jiaxing Yugang is a limited partnership established in the PRC on March 31, 2017, the general partner of which is Ping An Caizhi Investment Management Co., Ltd.* (平安財智投資管理有限公司). Ping An Tianyu, Chengcheng Dinghui and Jiaxing Yugang are Independent Third Parties.

On January 26, 2022, Chengcheng Dinghui entered into a share transfer agreement with Ms. Zhang Yizhen and Mr. Zhang Jianjun, pursuant to which Chengcheng Dinghui transferred its approximately 0.36% and 0.15% equity interests in our Company to Ms. Zhang Yizhen and Mr. Zhang Jianjun, respectively, at a consideration of RMB12.97 per Share. The consideration was determined after arm's length negotiation among the parties and had been fully settled in February 2022. Upon completion of the Share transfer, the shareholding structure of our Company was as follows:

	Name of Shareholders	**Number of Shares**	**Approximate equity interests percentage in our Company**
			(%)
1	Wang Zhongshan	60,000,000	26.68%
2	Zhang Xiuqin	60,000,000	26.68%
3	Tianjin Yuanjinmeng	40,000,000	17.79%
4	Jinmeng Partnership	22,000,000	9.78%
5	Tianjin Haikai Xinchuang	10,000,000	4.45%
6	Jinyuan Partnership	9,000,000	4.00%
7	Jinlong Partnership	9,000,000	4.00%
8	Ping An Tianyu	7,860,000	3.49%
9	Huang Yi	5,000,000	2.22%
10	Jiaxing Yugang	900,000	0.40%
11	Zhang Yizhen	800,000	0.36%
12	Zhang Jianjun	340,000	0.15%
		224,900,000	**100.00%**

On March 5, 2022, Ms. Huang Yi entered into a share transfer agreement with Ms. Zhang Yizhen, pursuant to which Ms. Huang Yi transferred her approximately 0.67% equity interests in our Company to Ms. Zhang Yizhen at a consideration of RMB12.98 per Share for her personal financial reason. The total consideration of RMB19,470,000 was determined based on arm's length negotiation among the parties and had been fully settled on January 27, 2022*(Note)*. Upon completion of the Share transfer, the shareholding structure of our Company was as follows:

	Name of Shareholders	**Number of Shares**	**Approximate equity interests percentage in our Company**
			(%)
1	Wang Zhongshan	60,000,000	26.68%
2	Zhang Xiuqin	60,000,000	26.68%
3	Tianjin Yuanjinmeng	40,000,000	17.79%
4	Jinmeng Partnership	22,000,000	9.78%
5	Tianjin Haikai Xinchuang	10,000,000	4.45%
6	Jinyuan Partnership	9,000,000	4.00%
7	Jinlong Partnership	9,000,000	4.00%
8	Ping An Tianyu	7,860,000	3.49%
9	Huang Yi	3,500,000	1.56%
10	Jiaxing Yugang	900,000	0.40%
11	Zhang Yizhen	2,300,000	1.02%
12	Zhang Jianjun	340,000	0.15%
		224,900,000	**100.00%**

On May 20, 2022, Jiaxing Yugang entered into a share transfer agreement with Mr. Wang Zhongshan, pursuant to which Jiaxing Yugang transferred its approximately 0.40% equity interests in our Company to Mr. Wang Zhongshan at a consideration of RMB12.88 per Share. The total consideration of RMB11,592,000 was determined after arm's length negotiation among the parties and had been fully settled on May 23, 2022.

On the same date, Ping An Tianyu entered into two separate share transfer agreements with Mr. Wang Zhongshan and Mr. Zhao Duxue, pursuant to which Ping An Tianyu transferred its approximately 1.72% and 1.78% equity interests in our Company to Mr. Wang Zhongshan and Mr. Zhao Duxue, respectively, at a consideration of RMB12.88 per Share, which was determined after arm's length negotiation among the parties and had been fully settled on May 23, 2022.

Note: To the best knowledge of the Company, given that Ms. Huang Yi and Ms. Zhang Yizhen were not in the same country to execute the agreement of the share transfer and in the interest of time, they agreed to settle the consideration first in January 2022 and subsequently executed the agreement in writing.

Upon completion of the Share transfers, the shareholding structure of our Company was as follows:

	Name of Shareholders	Number of Shares	Approximate equity interests percentage in our Company
			(%)
1	Wang Zhongshan	64,760,000	28.80%
2	Zhang Xiuqin	60,000,000	26.68%
3	Tianjin Yuanjinmeng	40,000,000	17.79%
4	Jinmeng Partnership	22,000,000	9.78%
5	Tianjin Haikai Xinchuang	10,000,000	4.45%
6	Jinyuan Partnership	9,000,000	4.00%
7	Jinlong Partnership	9,000,000	4.00%
8	Zhao Duxue	4,000,000	1.78%
9	Huang Yi	3,500,000	1.55%
10	Zhang Yizhen	2,300,000	1.02%
11	Zhang Jianjun	340,000	0.15%
		224,900,000	**100.00%**

Subsequent to being informed that our previous A-share listing attempt was not approved by the CSRC in November 2021, Chengcheng Dinghui, Jiaxing Yugang and Ping An Tianyu disposed of their entire equity interests in our Company between January to May 2022 due to their respective internal investment decisions.

In August 2022, CITIC Securities Investment subscribed for 4,166,666 Shares in cash at RMB12.00 per Share. The consideration of the capital increase was determined after arm's length negotiation among the parties with reference to the then net asset value of our Company and had been fully paid up on August 26, 2022. Upon completion of the capital increase, the shareholding structure of our Company was as follows:

	Name of Shareholders	Number of Shares	Approximate equity interests percentage in our Company
			(%)
1	Wang Zhongshan	64,760,000	28.27%
2	Zhang Xiuqin	60,000,000	26.19%
3	Tianjin Yuanjinmeng	40,000,000	17.46%
4	Jinmeng Partnership	22,000,000	9.60%
5	Tianjin Haikai Xinchuang	10,000,000	4.37%
6	Jinyuan Partnership	9,000,000	3.93%
7	Jinlong Partnership	9,000,000	3.93%
8	CITIC Securities Investment	4,166,666	1.82%
9	Zhao Duxue	4,000,000	1.75%
10	Huang Yi	3,500,000	1.53%
11	Zhang Yizhen	2,300,000	1.00%
12	Zhang Jianjun	340,000	0.15%
		229,066,666	**100.00%**

OUR EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our Group's directors, supervisors, senior management and employees and to incentivize them to further promote our development, Jinmeng Partnership, Jinyuan Partnership and Jinlong Partnership were established in the PRC as our Employee Shareholding Platforms.

JINMENG PARTNERSHIP

Jinmeng Partnership was established in the PRC as a limited partnership on March 16, 2016. Mr. Wang Zhongshan (our founder, chairman of our Board, executive Director and a member of our Controlling Shareholders group), is the general partner of Jinmeng Partnership and is responsible for the management of Jinmeng Partnership. As of the Latest Practicable Date, Jinmeng Partnership had 15 limited partners, including Mr. Wang Guoxin (our senior management and a member of our Controlling Shareholders group), Ms. Wang Na (a member of our Controlling Shareholders group), Ms. Jiang Liying (our executive Director), Mr. Wang Zegang (our executive Director), Mr. Wen Shuqing (our senior management), Mr. Zhang Libai (our senior management), Mr. Zhang Xin (our Supervisor), Mr. Wang Yanpeng (our Supervisor) and other seven persons who are either directors, supervisors, senior management of our subsidiaries or employees of our Group. As of the Latest Practicable Date, Jinmeng Partnership subscribed for 9.60% of the total issued Share capital of our Company by using the relevant employees' own funds. The voting rights attaching to the Shares held by Jinmeng Partnership are exercised by the general partner (i.e. Mr. Wang Zhongshan) of Jinmeng Partnership.

JINYUAN PARTNERSHIP

Jinyuan Partnership was established in the PRC as a limited partnership on March 16, 2016. Ms. Zhang Xiuqin (our vice chairman, executive Director and a member of our Controlling Shareholders group) is the general partner of Jinyuan Partnership and is responsible for the management of Jinyuan Partnership. As of the Latest Practicable Date, Jinyuan Partnership had 28 limited partners, who are either directors, supervisors, senior management of our subsidiaries or employees of our Group. As of the Latest Practicable Date, Jinyuan Partnership subscribed for 3.93% of the total issued Share capital of our Company by using the relevant employees' own funds. The voting rights attaching to the Shares held by Jinyuan Partnership are exercised by the general partner (i.e. Ms. Zhang Xiuqin) of Jinyuan Partnership.

JINLONG PARTNERSHIP

Jinlong Partnership was established in the PRC as a limited partnership on March 16, 2016. Ms. Zhang Xiuqin is the general partner of Jinlong Partnership and is responsible for the management of Jinlong Partnership. As of the Latest Practicable Date, Jinlong Partnership had 36 limited partners, including 35 persons who are either directors, supervisors, senior management of our subsidiaries or employees of our Group and one successor who is the spouse of our Group's deceased employee. As of the Latest Practicable Date, Jinlong Partnership subscribed for 3.93% of the total issued Share capital of our Company by using the relevant employees' own funds. The voting rights attaching to the Shares held by Jinlong Partnership are exercised by the general partner (i.e. Ms. Zhang Xiuqin) of Jinlong Partnership.

OUR SUBSIDIARIES

As of the Latest Practicable Date, we had 22 subsidiaries, including 21 wholly-owned subsidiaries and one non-wholly owned subsidiary. The table below sets forth details of our 10 principal subsidiaries, which, in the opinion of our Directors, are material to our business development or formed a substantial portion of the assets, revenue or profits of our Group during the Track Record Period:

Name	Place of Establishment	Shareholding Structure	Registered Capital/Share Capital	Date of Establishment/Date of Commencement of Business	Principal Business Activities
Changle Chengxin . . .	PRC	100% owned by Company	RMB40,000,000	September 8, 2003	Jewellery retail stores
Shandong Mokingran . .	PRC	100% owned by Company	RMB60,000,000	April 5, 2004	Wholesale sales of jewellery
Shandong Yifu	PRC	100% owned by Company	RMB76,614,000	August 2, 2007	Jewellery production
Shenzhen Mokingran . .	PRC	100% owned by Company	RMB80,000,000	December 10, 2010	Diamond jewellery retail stores
Jinan Mokingran	PRC	100% owned by Company	RMB5,000,000	June 17, 2011	Wholesale sales of jewellery
Zhongbao Zhengxin . .	PRC	100% owned by Company	RMB50,000,000	March 26, 2013	Jewellery testing
Shanghai Yuanjunmeng	PRC	100% owned by Shandong Mokingran	RMB1,000,000	December 3, 2014	Wholesale of polished diamond
Shandong E-commerce .	PRC	100% owned by Shandong Mokingran	RMB3,000,000	December 12, 2014	Jewellery retail stores and online sales
Shenyang Mokingran . .	PRC	100% owned by Company	RMB5,000,000	April 7, 2015	Wholesale sales of jewellery
Beijing Mokingran . . .	PRC	100% owned by Company	RMB5,000,000	August 21, 2017	Wholesale sales of jewellery

PREVIOUS A-SHARE APPLICATIONS

The First A-Share Application

In August 2018, we engaged GF Securities Co., Ltd. (廣發証券股份有限公司) as the sponsor in preparation for our proposed submission of application for listing of our shares (the "**A-share Application**") on the main board of the Shenzhen Stock Exchange (the "**SZSE**"), considering the fact that GF Securities Co., Ltd. (廣發証券股份有限公司) had previous experience of sponsoring the listing of another PRC gold jewellery company on the SZSE. After such engagement, GF Securities did not make any formal listing application on behalf of the Company. Subsequently, we terminated our engagement with GF Securities Co., Ltd. (廣發証券股份有限公司) in May 2020 because GF Securities might have been involved in material non-compliance and was allegedly subject to investigation, and engaged Zhongtai Securities Co., Ltd. (中泰證券股份有限公司) as our sponsor to submit the A-share Application on the main board of the SZSE to the CSRC in September 2020. There has been no disagreement between our Company and GF Securities Co., Ltd. and Zhongtai Securities Co., Ltd in respect of the A-share Application. Based on the independent due diligence work performed by the Sole Sponsor, nothing material has come to the attention of the Sole Sponsor which indicated that there were any disagreements between the Company and the previous sponsors engaged by the Company in relation to the A-share Application.

During the vetting of our A-share Application, the CSRC issued two rounds of comments, with the first batch of comments in November 2020 and second batch in June 2021. We provided written responses to these comments. Our A-Share Application then went into hearing on November 25, 2021. The CSRC formally issued a rejection notice to our A-share Application on December 20, 2021 and expressed concerns that certain of its comments had not been satisfactorily addressed, namely (i) the business rationale of our gold trade-in and "One RMB Exchange" activities; (ii) the discrepancy in inventory data in the A-share Application materials; and (iii) the inventory level of our franchise stores (the "**CSRC Comments**"). We terminated our engagement of Zhongtai Securities Co., Ltd. (中泰證券股份有限公司) and engaged CITIC Securities Co., Ltd (中信證券有限公司) for our second A-share application, after considering the latter's market reputation and experience in similar transactions. For further details of our second A-share application and engagement of CITIC Securities Co., Ltd (中信證券有限公司), please see "— The Second A-Share Application and the [REDACTED]."

Our Directors are of the view, and the Sole Sponsor concurs, that the above-mentioned comments are resolved or addressed, or render our Company not suitable for [REDACTED] on the Stock Exchange based on the facts and grounds set forth below.

(1) We believe we have a sound business rationale for our gold trade-in and "One RMB Exchange" activities

During the course of vetting by the CSRC, concerns were raised as to the commercial rationale of our gold trade-in activities. For details on the background and business activities of gold trade-in, see "Business — Gold Trade-in". According to Frost & Sullivan, gold trade-in is a common practice across the gold jewellery industry. Despite such activity being an industry norm, the CSRC was concerned that our Company had engaged in gold trade-in on a much larger scale compared to other listed companies in the same industry. In addition, according to Frost & Sullivan, the proportions of gold trade-in transaction among our peers with purifying and manufacturing capabilities in the gold jewellery industry ranged from 20% to 40%, in terms of our peers' sales volume during the Track Record Period, which was comparable to that of our Group. Furthermore, according to Frost & Sullivan, the counterparties of the gold trade-in conducted by our peers are similar to ours, which include franchisees, provincial-dealers and consumers. The table sets forth the examples of our peer companies that engage in the sales of gold jewellery products and possess purification and manufacturing capabilities:

Identity	Profile	Business model	Scale of operations, in terms of gold jewellery revenue in the PRC, 2023	Proportion of gold trade-in transaction in terms of sales volume, 2023 *(Note)*
Competitor A	Competitor A is a leading jewellery company that offers a wide range of jewellery products, including gold, platinum, and diamonds.	Its capacity to refine and produce gold is limited, requiring third-party services. Additionally, it sets a high trade-in threshold for consumers to exchange for new products.	RMB11.0 billion	approximately 15%
Competitor B	Competitor B is one of the China time-honoured brands in the PRC. Competitor B mainly engages in jewellery and gold business, stationary and art craft.	It has certain purification capabilities. Gold trade-in is mainly used as a marketing strategy to serve and attract new and existing customers.	RMB56.4 billion	approximately 25%
Competitor C	Competitor C is a leading gold jewellery company in the PRC. Competitor C mainly engages in the gold and gold jewellery processing and sales.	It has a strong capability with specialized recycling business, and the self-produced products are mainly gold bars. Additionally, Competitor C has subsidiaries, which specialize in gold refining.	RMB55.5 billion	approximately 50%
Competitor D	Competitor D is a jewellery company that integrates the research and development, design, production, and retail of jewellery, including gold, platinum, diamonds, and jade.	Its gold refining and production capacity is minimal, so it relies on third parties to carry out these processes.	RMB3.9 billion	approximately 30%

Note: Proportion of gold trade-in transactions in terms of sales volume = Volume of gold trade-in/Total sales volume of gold. Competitor E in the below table does not have gold purification capabilities.

For further information on the background of conducting gold trade-in, see "Business — Gold Trade-in — Background" for more details.

Our Directors are of the view, and the Sole Sponsor concurs, that there are no material unusual features regarding our gold trade-in practice when compared to other major industry players, and that CSRC's concerns on our gold trade-in activities during the previous A-share Application are resolved or addressed for the following reasons:

Commercial Rationale

— *Our Strong Gold Purification Capability:* We have the technical capability to effectively process used gold for purification. According to Frost & Sullivan, the approximate proportions of gold trade-in to total revenue among our peers and our Group during the previous A-Share Application (for the years ended December 31, 2018, 2019 and 2020) and during the Track Record Period, were as follows:

	Proportion of gold trade-in to total revenue					
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
Competitor A	10%	15%	10%	15%	15%	20%
Competitor B	15%	20%	15%	25%	20%	30%
Competitor C	25%	25%	35%	45%	45%	50%
Competitor D	20%	25%	15%	30%	30%	30%
Competitor E	5%	5%	5%	20%	25%	30%
Our Group	59.4%	51.9%	67.5%	47.9%	36.9%	33.1%

We had a relatively higher demand for gold as raw materials in our manufacturing process, compared to other major industry players during the previous A-Share Application (for the three years ended December 31, 2020). According to Frost & Sullivan, other major industry players either do not engage in the manufacturing of gold jewelry or lack sufficient gold purification capabilities to process used gold, or both. Our gold purification capabilities allow us to effectively reproduce high-purity gold from trade-in gold, making it a viable option for us to source gold. According to Frost & Sullivan, some gold jewellery companies lack adequate production capacity and sufficient gold purification capabilities, necessitating the outsourcing of used gold to refineries, which may increase costs and result in a lower trade-in proportion. As such, although consumers had the needs for gold trade-in, some major industry peers might not accept trade-in gold or imposed restrictions on the gold trade-in during the A-share application period of the Company from 2018 to 2020, considering their cost to deal with the used gold received, according to Frost & Sullivan. These restrictions included setting high weight requirements for newly purchased gold jewellery products in gold trade-in transactions, refusing gold trade-in of gold jewellery of third-party brands, limiting gold trade-ins by establishing volume ceilings for provincial dealers and franchisees, and even refusing to accept trade-in gold. However, as we enhanced our internal control over gold trade-in, in particular, the controls over trade-in gold of third party brand, our proportion of gold trade-in to revenue of gold jewellery had recorded a decreasing trend since 2020. Moreover, according to Frost & Sullivan, with the general upward trend of gold price during the Track Record Period and the establishment of relevant standards in 2022 and 2023 to regulate gold recycling services, there was a general increase in consumers' demand to conduct gold trade-in transactions, and in light of such demand, our competitors have been more receptive of conducting gold trade-in transactions, which includes (1) certain of them beginning to accept gold jewellery of third-party brands for trade-in transactions and (2) alleviating their limit on gold trade-in during the Track Record Period. For example, during the A-share application period of the Company from 2018 to 2020, Competitor B required newly purchased gold jewellery to be at least 30% heavier than the trade-in gold and did not accept trade-in gold of third-party brands, whereas since 2022 the requirement has been reduced to 20%, and trade-in gold of third-party brands are accepted. At the same time, another jewellery brand did not accept third-party brands, whereas since 2022 it accepts trade-in gold of third-party brands. The aforementioned industry trend coupled with our decreasing proportion of gold trade-in following our enhanced internal control brought our gold trade-in proportion more in line with that of our competitors for the years ended December 31, 2021, 2022 and 2023.

According to Frost & Sullivan, the proportions of self-production and outsourcing among our peer companies for the year ended December 31, 2023 were as follows:

	Proportion of self-production in terms of processing volume (excluding gold bullion), 2023	Proportion of outsourcing in terms of processing volume (excluding gold bullion), 2023
Competitor A	approximately 45%	approximately 55%
Competitor B	approximately 50%	approximately 50%
Competitor C	nil	100%
Competitor D	approximately 20%	approximately 80%
Competitor E	nil	100%

— *Gold Trade-in is Beneficial Economically:* Our gold trade-in arrangements are also beneficial for us economically. From a liquidity and commercial perspective, (i) we charge higher crafting fees for the gold of third-party brand(s) traded-in from provincial-dealers and franchisees, and (ii) receiving gold through trade-in allows us to reduce substantial upfront cash outflow compared to sourcing gold through direct procurement.

— *Source Diversification and ESG:* Engaging in gold trade-in allows us to diversify the source of our gold procurement, which is in line with our ESG philosophy of applying recycled material to production.

For further details on the commercial rationale for conducting gold trade-in, see "Business — Commercial rationale for conducting gold trade-in".

Market data and industry consultant's view

According to Frost & Sullivan, our gold trade-in activities during the Track Record Period were largely in line with that of the industry practice.

More specifically, according to Frost & Sullivan:

- During the Track Record Period, there were no material unusual features regarding our gold trade-in practice when compared to other major industry players.

- The five-largest jewellery brands measured by revenue derived from gold jewellery in the PRC in 2023 had an estimated self-production rate that ranged from nil to approximately 50% in 2023, whereas we produced substantially all of our gold jewellery products during the Track Record Period.

- Among gold jewellery manufacturers who had gold purifying capability, the proportion of traded-in gold as a percentage of total raw materials applied to production ranged from 40% to 100% in 2023, which was comparable to that of our Group. In addition, the table below sets forth the relevant details of peer competitors that primarily focus on manufacturing gold jewellery and have purification and manufacturing capabilities:

Identity	Profile	Business Model	Sales of operations, in terms of value of gold trade-in, 2023	Scale of operations, in terms of volume of gold trade-in, 2023	Percentage of trade-in gold as raw materials applied to production, in terms of processing volume, 2023(Note)
Competitor F	Competitor F is a producer and service provider specializing in gold and other jewellery.	Competitor F provides design and processing services to jewellery companies, refining its recycled gold for reuse in production or for direct sale as gold bullion.	approximately RMB15.5 billion	approximately 35 tons	approximately 40%
Competitor G	Competitor G specializes in the precious metals sector, encompassing the research, development, and manufacturing of precious metal jewellery, as well as global trade and finance in precious metals, and the research, development, and processing of new precious metal materials.	Competitor G also engages in the recycling of gold, refining it for fabrication into gold bars, which are either sold directly or utilized in international trade. Additionally, a select portion of this refined gold is crafted into fine jewellery.	approximately RMB8.7 billion	approximately 20 tons	approximately 50%
Competitor H	Competitor H is a company that focuses on the repurchase, refining, and trading of precious metal materials, as well as the sales of jewellery products.	Competitor H specializes in recycling, refining, and manufacturing gold, which is used for production by jewellery companies and for investment purposes by consumers.	approximately RMB24.7 billion	approximately 55 tons	approximately 100%
Competitor I	Competitor I specializes in a comprehensive suite of precious metal services, encompassing the sale, recycling, processing, and smelting of gold, palladium, platinum, silver, and rhodium.	Competitor I engages in the recycling and refining of gold, subsequently manufacturing the refined product into gold bars for business customers and gold jewellery for personal customers.	approximately RMB9.0 billion	approximately 20 tons	approximately 100%

Note: Percentage of trade-in gold used as raw materials in terms of processing volume = Volume of trade-in gold/ Total processing (production, processing, refining) volume of gold.

Moreover, according to the "China Gold Yearbook 2021", "China Gold Yearbook 2022" and "China Gold Yearbook 2023" and "China Gold Yearbook 2024" released by the China Gold Association, the proportions of gold jewellery made from used gold jewellery in the PRC in 2020, 2021, 2022 and 2023 were 57.1%, 24.6%, 30.4% and 73.9%, respectively. In 2023, the proportion of gold jewellery made from used gold jewellery in the PRC significantly increased, primarily due to several factors, including: (i) gold prices experienced significant growth in 2023, prompting consumers to sell their gold jewellery for profit; and (ii) the government of Luohu District in Shenzhen, along with the China Gold Association and other enterprises, established relevant standards in 2022 and 2023 to regulate gold recycling services, promoting the standardization of gold jewellery recycling processes and improving the convenience of recycling channels. While used gold as part of the consideration paid to us ranged between 33.7% and 48.5% of our total revenue for the three years ended December 31, 2023, this range is within the range of the aforementioned figures in the China Gold Yearbooks.

Internal control measures

To address the CSRC's concern that our Company had engaged in gold trade-in on a much larger scale compared to other listed companies in the same industry, we have enhanced our internal control over gold trade-in arrangements, thereby to ensure the quality of traded-in gold collected and exert better control over gold trade-in activities. Gold received through trade-in is solely used as a means to settle the consideration of new gold jewellery purchased from us. To strengthen our control over such trade-ins, we have adopted a CRM system to monitor gold trade-in activities, and we encourage our franchisees to utilize our CRM system to record their sales to consumers and their procurement from our Group settled by way of gold trade-in. Such measures enhance our ability to review sales data related to gold trade-in activities of franchisees, allow us to more readily access accurate data relating to gold trade-ins and provide traceability of our gold trade-in transactions. Despite our gold trade-in activities was of a larger scale when compared to certain listed companies in the same industry, through enhancing the traceability of our gold trade-in transactions, we can still maintain the authenticity and genuineness of our trade-in transactions, as well as the quality of traded-in gold collected as such documentation provides us means to trace back and identify the source of any issues. For more details, refer to "Business — Gold Trade-in."

Our internal control consultant did not identify any material defects with regard to our gold trade-in internal control procedure.

CSRC's concerns in relation to "One RMB Exchange"

Apart from day-to-day gold trade-in, we also implement "One RMB Exchange" promotions regularly for our "Wan Purity" series products. Under such promotions, consumers may trade-in our "Wan Purity" gold series products that they previously purchased for new pieces of "Wan Purity" series gold jewellery of the same weight or more plus a nominal crafting fee of one RMB per traded-in gram of gold with our franchisees or at our self-operated stores. Consumers pay the market gold price and regular crafting fees for any additional gold they purchase as a result of the trade-in. See "Business — Gold Trade-in — Background" for further details.

During the vetting process of our previous A-Share Application, the CSRC raised concerns about (1) the commercial rationale behind franchisees participating in the "One RMB Exchange" without a written agreement on specific policies and terms with us, and (2) whether such participation might lead to franchisees incurring losses.

Economic benefits to franchisees

Our Directors are of the view that there are both direct and indirect economic benefits for franchisees to participate in the "One RMB Exchange" promotion for our "Wan Purity" series products. The rationale for holding the "One RMB Exchange" promotion is that (i) the transaction model of such promotion enhances customer stickiness and (ii) as a promotional event, the "One RMB Exchange" promotion helps to boost customer flow and increases sales for our franchisees.

As mentioned above, only customers who own our "Wan Purity" series products may participate in the "One RMB Exchange" promotion. Such exclusivity channels consumer demand and improves consumer stickiness towards our brand.

On the other hand, gold jewellery being traded-in can only be exchanged for new pieces of gold jewellery of the same weight or more. If the weight of the new pieces of gold jewellery exceeds that of the traded-in gold, consumers are required to pay for the excess portion of gold purchased, along with the associated regular crafting fees. The "One RMB Exchange" promotion offers consumers incentives to replace their old jewellery with new pieces. With the promotional nature of the "One RMB Exchange" program, franchisees may also experience higher consumer flow and increased sales volume and hence benefit from the promotion event. All franchisees participated in such promotions, even though no specific written agreements were entered into solely for this purpose, hence, the CSRC concerns are not relevant to the [REDACTED]. The following further provides a quantitative analysis of the economic benefits brought about by the "One RMB Exchange" promotion:

1. *Average monthly sales revenue and sales volume of our franchise stores during the "One RMB Exchange" promotion*

During the Track Record Period, we typically held the "One RMB Exchange" promotion for our "Wan Purity" series products for one week in each of our franchise stores between June and September. We organize "One RMB Exchange" program in different provinces sequentially in order to ensure stable supply of our products. Accordingly, timing of holding the "One RMB Exchange" program is not the same for all provinces. Each franchise store hosts the "One RMB Exchange" program for one week during the promotional period. The following tables set forth breakdowns of (i) the volumes of "Wan Purity" series products sold from our Group to our provincial-dealers and/or franchisees from June to September of 2021, 2022 and 2023 and the average monthly sales volume of "Wan Series" products from our Group to provincial-dealers and/or franchisees for each of the complete financial years during the Track Record Period and during promotion periods (i.e., July to September for 2021 and 2022, June to September for 2023), and (ii) the total monthly revenue derived from all sales from our Group to our provincial dealers and/or franchisees during the same periods and the average monthly sales revenue of "Wan Series" products we derived from provincial-dealers and/or franchisees for each of the complete financial years during the Track Record Period and during promotion periods (i.e., July to September for 2021 and 2022, June to September for 2023).

"Wan Purity" series monthly sales volume (kg) of the sales from our Group to our provincial dealers and/or franchisees and average monthly sales volume throughout the year and during promotional period

	June	July	August	September	Average monthly sales volume during each year	Average monthly sales volume during promotional period
				sales volume in kg		
2021	2,551.6	4,054.4(2)	6,845.6(2)	5,277.3(2)	3,215.0	5,392.4
2022	2,765.6	4,124.3(2)	7,658.5(2)	5,115.5(2)	3,112.6	5,632.8
2023(1) . .	4,173.9(2)	3,587.3(2)	5,667.1(2)	5,086.4(2)	3,450.2	4,628.7

Total monthly sales revenue of all sales by our Group to our provincial-dealers and/or franchisees and average monthly sales revenue throughout the year and during promotional period

	June	July	August	September	Average monthly sales revenue during each year	Average monthly sales revenue during promotional period
				RMB'000		
2021	1,019,425	1,526,785(2)	2,420,309(2)	1,932,253(2)	1,231,053	1,959,782
2022	1,207,434	1,610,814(2)	2,848,977(2)	1,948,270(2)	1,236,357	2,136,020
2023(1) . .	1,837,686(2)	1,691,844(2)	2,552,946(2)	2,344,085(2)	1,576,933	2,106,640

Notes:

(1) Starting in 2023, we held the "One RMB Exchange" promotion in June for our franchisees in Shandong.

(2) Months that the "One RMB Exchange" promotion was held.

During the promotional periods, the sales volume of the "Wan Purity" series products from our Group to our provincial-dealers and/or franchisees increased substantially as demonstrated by the monthly sales data. Specifically, the average monthly sales volume to our provincial-dealers and/

or franchisees increased from 3,215.0 kg, 3,112.6 kg and 3,450.2 kg for the years ended December 31, 2021, 2022 and 2023 to an average of 5,392.4 kg, 5,632.8 kg and 4,628.7 kg during the promotion months for respective years during the Track Record Period.

In addition, the average monthly sales revenue derived from our sales to our provincial-dealers and/or franchisees increased from an average of RMB1,231.1 million, RMB1,236.4 million and RMB1,576.9 million for the years ended December 31, 2021, 2022 and 2023 to an average of RMB1,959.8 million, RMB2,136.0 million and RMB2,106.6 million during the promotion months for respective years during the Track Record Period. We generally record higher revenue and sales volume in August when compared to that in September because (i) we usually hold "One RMB Exchange" program in provinces where we have stronger presence, such as Shandong and Henan, in August, and (ii) "One RMB Exchange" program is held in more stores in August than September. The higher average monthly sales volume and average monthly revenue generated by our Group from the sales to our provincial-dealers and/or franchisees during the "One RMB Exchange" promotion period demonstrated positive market response to our "One RMB Exchange" promotion event, and it also helps garnering customer stickiness towards our brand.

Our "One RMB Exchange" program generally had a positive impact on franchise stores' sale revenue. In 2023, the average monthly sales revenue of franchise stores which adopted CRM system, was RMB2,529.4 million during the "One RMB Exchange" promotion period in 2023, which was 36.5% higher than their average monthly sales of RMB1,852.4 million in 2023.

For further details of the revenue and the gross profit we derived from our franchise network through the "One RMB Exchange" program, please refer to the section headed "Business — Gold Trade-in — Our Revenue and Gross Profit Margin attributable to the "One RMB Exchange" Program".

2. *Average monthly sales revenue and sales volume of our self-operated stores during the "One RMB Exchange" promotion*

During the Track Record Period, we typically held the "One RMB Exchange" promotion for our "Wan Purity" series products for one week in each of our self-operated stores during June and August. The following tables set forth breakdowns of (i) the volumes of "Wan Purity" series products sold by our self-operated stores from June to September of 2021, 2022 and 2023, and (ii) the revenue from all products sold by self-operated stores during the same periods.

"Wan Purity" series monthly sales volume (kg) by our self-operated stores and average monthly sales volume throughout the year and during promotional period

	June	July	August	September	Average monthly sales volume during each year	Average monthly sales volume during promotional period
				sales volume in kg		
2021 . . .	35.2	48.5	197.6(2)	47.4	59.5	197.6
2022 . . .	43.0	55.0	240.2(2)	42.2	61.5	240.2
2023(1) . .	133.5(2)	35.1	131.4(2)	33.5	59.2	132.4

Total monthly sales revenue of all sales by our self-operated stores and average monthly sales revenue throughout the year and during promotional period

	June	July	August	September	Average monthly sales revenue during each year	Average monthly sales revenue during promotional period
				RMB'000		
2021 . . .	18,939	23,859	76,426(2)	23,992	29,679	76,426
2022 . . .	22,776	28,000	95,104(2)	22,460	30,541	95,104
2023(1) . .	68,631(2)	22,686	67,279(2)	23,081	34,351	67,955

Notes:

(1) Starting in 2023, we held the "One RMB Exchange" promotion in June for our self-operated stores in Shandong.

(2) Months that the "One RMB Exchange" promotion was held in our self-operated stores.

Our self-operated stores also benefit from participation in the "One RMB Exchange" promotion for our "Wan Purity" series. The monthly sales volume of "Wan Purity" series products by our self-operated stores increased from an average of 59.5 kg, 61.5 kg and 59.2 kg for the years ended December 31, 2021, 2022 and 2023, to 197.6 kg and 240.2 kg respectively for August 2021 and 2022, being the promotional month, and an average of 132.4 kg during the promotional months in 2023 (i.e. June and August).

In addition, the average monthly sales revenue of all sales in our self-operated stores increased from RMB29.7 million, RMB30.5 million and RMB34.4 million for the years ended December 31, 2021, 2022 and 2023 to RMB76.4 million and RMB95.1 million respectively for August 2021 and 2022, being the promotional month, and an average of RMB68.0 million during the promotional months in 2023 (i.e. June and August). The increases in both sales volume and sales revenue in our self-operated stores during the promotional period reflects that the promotion under our "One RMB Exchange" program was effective in capturing end consumers' attention and boosting our sales. As only products of our brand can be exchanged during the "One RMB Exchange" program, only existing customers of our brand will benefit from the promotion. The increase in sales during the promotional period also reflects that existing customers were incentivized to make repeated purchases from us, thereby fostering customers' stickiness towards our brand. Our "One RMB Exchange" program also had a positive impact on sales of products not under "One RMB Exchange" program by our self-operated stores to end consumers. Such effect can be illustrated in the below.

For the year ended December 31, 2021, 2022 and 2023, our self-operated stores' average monthly sales (excluding gold trade-in transactions) during the "One RMB Exchange" promotion period in August for 2021 and 2022, and in June and August for 2023, was RMB28.7 million, RMB35.4 million and RMB27.7 million per month, respectively, which was approximately 64.2%, 70.4% and 91.4% of their average monthly sales of products under "One RMB Exchange" program of RMB44.7 million, RMB50.2 million and RMB30.3 million. The aforementioned average monthly revenue (excluding gold trade-in transactions) we derived during the "One RMB Exchange" promotional period through sales in our self-operated stores were 40.6%, 57.4% and 11.4% higher than the average monthly sales revenue of our self-operated stores (excluding gold trade-in transactions) of RMB20.4 million, RMB22.5 million and RMB24.8 million for the years ended December 31, 2021, 2022 and 2023, respectively.

For further details in relation to the revenue and the gross profit we derived from the "One RMB Exchange" program, please refer to the section headed "Business — Gold Trade-in — Our Revenue and Gross Profit Margin attributable to the "One RMB Exchange" Program".

Internal control measures

We have enhanced our internal control over our "One RMB Exchange" promotion for the "Wan Purity" series products. In particular, we included a new term in our agreements with franchisees specifying our requirement for them to cooperate with us regarding promotional activities, which includes the "One RMB Exchange" for the "Wan Purity" series products. In addition, we have strengthened our internal control by encouraging franchisees to adopt our CRM system to record their sales in relation to the "One RMB Exchange" promotion, which in turn, allows us to systematically and timely review sales data related to the "One RMB Exchange" for the "Wan Purity" series products.

Internal control measures in relation to used gold received through gold trade-in

Throughout the Track Record Period (including the period prior to the implementation of CRM system), proper documentation of used gold received through gold trade-in is required to be maintained in order to monitor and trace gold trade-in transactions. Upon physical delivery of used gold to our Group by provincial-dealers and/or franchisees, designated staff responsible for handling used gold is required to review and record the actual amount of used gold received, then input the relevant data in our internal system and issue a material receive note (來料單) after ascertaining the relevant details. The material receive note sets out information of used gold including the net weight of gold received and its purity level. When provincial-dealers and/or franchisees proceed to settle the consideration partially with used gold, staff responsible for issuing sales settlement statement (結算單) will state in the sales settlement statement the amount of used gold being traded-in and verify the relevant information with the provincial-dealers/franchisees based on the information on the material receive note. Throughout the trade-in process, the details of traded-in gold is verified multiple times by different personnels to ensure accuracy of such information.

Adoption and implementation of the CRM system

We began to adopt the CRM system across our franchise network around June 2022 to monitor the sales performance of our products, gold trade-in activities and inventory levels of our franchise stores. Transaction details of franchisees who adopted the CRM system were recorded on the CRM system since then. Franchisees who adopt the CRM system are required to input details of key sales transactions and gold trade-in activities into the CRM system, including the relevant transactions during the "One RMB Exchange" program. Through our CRM system, we are able to collect data on the sales performance of our distribution channels such as inventory levels, sales volume and sales trends. We have a dedicated sales data analytics team responsible for monitoring the sales and inventory data of our distribution channels. If they notice any irregularities in the sales records and inventory levels of franchisees, they will inquire with the relevant franchisees and follow up with them to ensure compliance with applicable laws and regulations as well as our internal control policies. Our sales data analytics team monitor and conduct analysis on the sale and inventory data of franchise stores with the aid of data analytics tools, whereby such analytics tool will generate reports on inventory structure and inventory turnover for each franchise store on weekly basis and therefore can monitor if there is any abnormalities in the inventory structure of individual franchise stores.

Measures adopted to ensure accuracy of data on the CRM system

In order to ensure accuracy of the data being inputted on the CRM system, we also conduct regular checking through the aid of data analytics system. Our data analytics system generates reports through data analytics tools to keep track of inventory levels and sales performance data of our franchise stores.

On the other hand, we also perform site visits to all franchise stores which have installed the CRM system approximately on a quarterly basis. We have a team of approximately 30 dedicated individuals responsible for site visits to franchise stores. When our staff visit franchise stores, they require franchisees to provide us with their paper-based sales records, including vouchers and receipts, for checking against data being inputted on the CRM system, as well as performing stocktaking exercise in order to ensure the accuracy of inventory data on the CRM system. Our staff responsible for site visits are required to complete a checklist report for every site visit for our internal record keeping. We also maintain a site visit control list to keep track on the progress of site visits to ensure regular checking is performed at each of the franchise stores. In case it is discovered that the data entries on the CRM system cannot be reconciled with that of the paper-based sales records at the franchise stores, or if it is discovered that there is any non-compliance with the CRM system operation guidelines and/or relevant internal control policies by franchisees, we may consider to impose restrictions over the sales activities and/or services provided to the franchise stores depending on the level of non-compliance, such as restrict them from borrowing gold from us. Based on the terms of the standard franchise agreement we enter into with our provincial-dealers and/or franchisees, our provincial-dealers and/or franchisees are under the obligation to reply to our enquiry letters and cooperate with us in reconciliating their inventory levels and sales performance data.

With detailed transaction records in respect of sales and gold-trade-in activities recorded on the CRM system, we will be able to track and monitor in real-time the relevant sales data and adopt appropriate measures in a timely manner to mitigate risk of improper market conduct, including channel stuffing, by provincial-dealers and/or franchisees. This helps us ensure due compliance with our control policies across our distribution network. Since the adoption of the CRM system in June 2022 and up to the Latest Practicable Date, we have not identified any material irregular sales and/or gold-trade-in activities within our franchise network.

Internal control measures in relation to franchisees who do not install the CRM system

As of June 30, 2024, 2,653 franchise stores operated by 1,550 franchisees, accounting for approximately 92.8% of all our franchisees, have installed and were using our CRM system to record sales from gold trade-in. The revenue contribution for the year ended December 31, 2023 and the six months ended June 30, 2024 of franchisees who conducted gold trade-in with us directly and have yet to adopt the CRM system as of June 30, 2024 amounted to RMB623.8 million and RMB220.5 million, respectively, representing 3.1% and 2.2% of our total revenue for respective year/period. We do not intend to require mandatory installation of the CRM system by all franchisees as (i) some franchisees already have their own sales system and the administrative work involved and costs of replacing their original sales system with the CRM system may be significant due to system compatibility issue and (ii) it may not be cost-efficient for certain smaller-scaled franchisees to adopt the system given the size of their operation.

To monitor used gold received from franchisees who have not installed the CRM system, our staff will inspect and verify the relevant information of the actual used gold received. When franchisees which did not adopt the CRM system conduct gold trade-in with our Company, our staff will manually examine and record the details of used gold received to ensure authenticity of such used gold. Details of the relevant used gold will be recorded on our internal system. Accordingly, we may monitor the frequency and volume of used gold traded-in by franchisees based on the record in our internal system.

On the other hand, our site visits to franchise stores also cover those operated by franchisees who have not installed the CRM system. When our staff visits such franchise stores, we will inspect their sales record and inventory to see if there is any abnormalities. Where if such franchisees have adopted their own retail system instead of the CRM system, we may also require such franchisees to produce records in relation to its sales, gold trade-in transactions and inventory.

We believe that the inclusion of such terms enhances our internal control by clearly informing our franchisees and formally documenting the requirement for our franchisees to participate in and support our promotional activities, including the "One RMB Exchange" for the "Wan Purity" series products. Through the inclusion of such terms, franchisees have thus also agreed to closely follow and be engaged in our promotional activities, and it provides a solid basis for us to enforce our rights to require franchisees to support our promotional activities, particularly the "One RMB Exchange" for the "Wan Purity" series products.

(2) Discrepancy in inventory data in the A-share Application materials

During the vetting process of the previous A-share Application, the CSRC also identified inconsistent disclosures regarding inventory-related data.

The differences were mainly due to inconsistent classification and calculations, including (i) K-Gold jewellery being included in a disclosure of inventory balance but excluded in another disclosure of inventory; (ii) consigned processing materials being included in one disclosure of inventory balance for gold raw materials but not in another inventory balance disclosure; and (iii) applying the book value of K-Gold materials for one inventory balance disclosure, while K-Gold value was converted to gold value (applying the conversion formula of 75.5%) in another inventory balance disclosure. Such discrepant disclosures were made for different illustrative purposes but without sufficient clarification of the differences. Due to the aforementioned discrepancies, there were inconsistencies when calculating the breakdown of gold raw materials and the unit price of gold raw materials.

Examples of the discrepancy aforementioned:

1. in a table to calculate inventory turnover days, we included consigned processing materials in our inventory tally, while in our classification of inventory table, consigned processing materials were not included in the inventory tally, which in turn led to different inventory calculations for the two tables.

2. in a chart we applied to calculate and illustrate inventory turnover days, we applied the book value of K-Gold when tallying the inventory, while in a table to illustrate inventory movement due to procurement and consumption, K-Gold value was converted to gold value applying the conversion formula of 75.5%, which ultimately led to different inventory calculations for the chart and the table.

We inquired into the factors that led to differences in interpretation when calculating inventory balances, including discussions with relevant personnel on the reasons for a particular method of inventory tallying and the presentation of such tallies and reconciling the differences. We then checked whether details of the items included in a specific tally were clearly stated. Additionally, we have appointed a dedicated person to supervise and ensure the quality of our inventory-related data. Our Directors came to a conclusion that the discrepancies were mainly due to interpretation differences without sufficient clarification on the relevant disclosures at the time the materials were submitted in the A-share Application. Our internal control consultant conducted a review of the internal control measures on inventory management, including management of inventory inflow and outflow, inventory counting and reconciliation, and analysis and management of inventory safety. No material defects were identified in these internal control procedures. Considering the foregoing and based on the independent due diligence work performed by the Sole Sponsor, nothing material has come to the attention of the Sole Sponsor that would cause them to disagree with the Directors' aforementioned conclusion.

Our Group has since conducted thorough examination on the inconsistent classification of inventory line items and carefully checked line items which may potentially cause interpretation differences and confirmed that there are no such interpretation differences for the current [REDACTED] [REDACTED] Application, and therefore this issue has been resolved or addressed to the current [REDACTED] [REDACTED] application.

Our Reporting Accountants have audited our historical financial information for the Track Record Period and expect to issue an unqualified opinion on the Historical Financial Information of the Group for the Track Record Period as a whole as detailed in Appendix I to this document.

On the basis that (i) we have conducted thorough internal examination on the accounting classification of inventory and confirmed that the previous calculation discrepancies no longer apply, and (ii) the Reporting Accountants expect to issue an unqualified opinion on the Historical Financial Information of the Group for the Track Record Period as a whole, we believe concerns with regard to previous discrepancies have been satisfactorily addressed in the current [REDACTED] [REDACTED] application. Considering the foregoing and based on the independent due diligence work performed by the Sole Sponsor, the Sole Sponsor concurs with the Company's view that concerns with regard to previous discrepancies have been satisfactorily addressed in the current [REDACTED] [REDACTED] application. Our Directors further confirm, and the Sole Sponsor concurs, that there has been no inconsistency in the inventory data disclosed in this document.

(3) CSRC's concerns in relation to inventory level issues

During the previous A-share Application, the CSRC expressed concerns about the slower inventory turnover rates of our franchise stores compared to our overall inventory turnover rates.

Our Directors are of the view, and the Sole Sponsor concurred, that CSRC's concerns regarding inventory levels during the previous A-share Application have been addressed as such difference in inventory turnover days between our franchise stores and our Group primarily stems from the difference in business models.

We profit from the manufacture and sales of gold jewellery, primarily in the form of crafting fees. According to Frost & Sullivan, such a business model typically experiences high turnover rates. We engage in wholesale transactions with provincial-dealers and franchisees, which typically involves larger transaction volumes and faster turnover of inventory. Consequently, the product lifecycle for our gold jewellery is shorter, leading to high inventory turnover rates. On the other hand, our franchisees operate under a retail sales model, often holding large stock levels to display at stores and to accommodate the extensive and varied needs of end consumers, which contributes to a lower turnover rate.

Accordingly, the lower inventory turnover rate of our franchise stores compared with ours does not indicate channel stuffing or premature sales/revenue adjustments through franchise stores but merely reflects the differences in the business models between franchise stores and us.

Based on the disclosure in our A-share Application materials, the inventory turnover rate of the Company for the years ended December 31, 2018, 2019 and 2020 amounted to 8.67, 7.96 and 5.96, respectively (which were equivalent to inventory turnover days of 42.1 days, 45.9 days and 61.4 days, respectively); whereby the inventory turnover rates of our franchise stores for the sales of gold jewellery and other gold products were 2.09, 2.09 and 1.40*(Note)* for the years ended December 31, 2018 and 2019 and the nine months ended September 30, 2020 (which were equivalent to inventory turnover days of 174.6 days, 174.6 days and 195.7 days, respectively).

Note: The information related to inventory turnover rates of our franchise stores, as disclosed in our A-share Application materials, were obtained by separate inquiries with the relevant franchisees stores on a sampling basis.

The following table sets forth the inventory turnover days among our Group, our wholesale business and our self-operated stores and the range of inventory turnover days of our industry peers, during the Track Record Period:

	Year ended December 31,			Six months ended June 30,
	2021	**2022**	**2023**	**2024**
	(days)	*(days)*	*(days)*	*(days)*
Our Group	42.7	45.6	36.8	40.8
Our wholesale business *(Note 3)*	39.8	37.6	29.8	38.8
Industry peers at Group level *(Note 2)*	28.6–223.9	21.1–282.9	28.1–241.7	21.6–271.9
Our self-operated stores	172.0	215.5	236.0	261.0
Our Franchisees (which adopted the CRM system)*(Note 1)*	N/A	N/A	211.6	337.1
Stores of industry peers*(Note 2)*	45.0–205.0	50.0–215.0	55.0–230.0	65.0–350.0

Note 1: We began to roll out the CRM system across our franchise network in June 2022 to record the sales and inventory levels of our franchisees. As the CRM system was not adopted for the full year in 2022, tally of inventory turnover days of gold products of franchisees (which adopted the CRM system) in 2021 and 2022 may not be comparable. Thus, only the relevant turnover days for the year ended December 31, 2023 and for the six months ended June 30, 2024 are disclosed.

Note 2: According to Frost & Sullivan.

Note 3: Includes our sales to provincial-dealers and relevant franchisees under the wholesale model, but does not include our inventory for sales to platforms under the e-commerce sales model as such inventory was managed together with the inventory sold through our self-operated online stores which we operate under the retail model.

During the Track Record Period, our Group's inventory turnover days ranged from 36.8 days to 45.6 days. Our inventory turnover days generally fell within the range of our peer companies. At the same time, the higher end of the range of our peer companies' inventory turnover days was much higher than ours. This discrepancy is mainly because our Group primarily engages in wholesale distribution of gold jewellery, which typically involves larger transaction volumes and faster turnover of inventory. In contrast, certain of our industry peers primarily operate on the retail side, which often entails slower inventory turnover due to the need to maintain higher levels of inventory for consumer selection.

For the three years ended December 31, 2023, our self-operated stores' inventory turnover days ranged from 172.0 days to 236.0 days. The inventory turnover days at our self-operated stores for the three years ended December 31, 2023 were closer to the high-end but generally within the aforementioned range and comparable to those of our industry peers' stores. For the six months ended June 30, 2024, our self-operated stores recorded an increase in inventory turnover days as a result of decline in consumption sentiment of gold products. According to Frost & Sullivan, the consumption volume of gold products in terms of weight for the six months ended June 30, 2024 decreased by 26.7% when compared to the corresponding period in 2023. Accordingly, the sales of gold products slowed down in the first half of 2024, leading to an increase in inventory turnover days at our self-operated stores. According to Frost & Sullivan, at the same time, the low-end of our peer companies' inventory turnover days for the three years ended December 31, 2023 was much lower than ours, mainly because one competitor has larger proportion of revenue generated from sales of gold bullions, which are standard products and usually involves larger transaction volumes and faster turnover. In contrast, sales of gold bullions is not our primary business activity, and thus the inventory turnover days at our self-operated stores were closer to the high-end of the inventory turnover days of our peer stores.

The inventory turnover days of gold products of our franchisees (which adopted the CRM system) for 2023 was 211.6 days, which is generally within the range of our industry peers' stores' inventory turnover days and in line with the inventory turnover days of our self-operated stores for the same period of 236.0 days. For the six months ended June 30, 2024, based on information available on the CRM system, the inventory turnover days of our franchisees increased to 337.1 days. Such increase was primarily attributable to the decline in consumption sentiments of gold products. For further discussion on the fluctuations in inventory turnover days of our self-operated stores and franchisees, please refer to the section headed "Business — Management of franchisees — Measures to avoid channel stuffing and cannibalization".

Our Directors further confirmed that there is no other material matter in relation to our previous A-Share Application that needs to be brought to the attention of the Stock Exchange or our [REDACTED].

The Second A-Share Application

In December 2022, we engaged CITIC Securities Co., Ltd (中信證券有限公司) as our sponsor for our second A-share application ("**Second A-share Application**") taking into account of its market reputation as a leading investment bank in the PRC, experience in similar listing transactions for companies in similar industry and overall-competitiveness. Nonetheless, to have greater access to diverse and global investors and to gain more international recognition, we did not submit our Second A-share Application and decided to pursue [REDACTED] [REDACTED]. We were referred to CITIC Securities (Hong Kong) Limited by CITIC Securities Co., Ltd. and engaged CITIC Securities (Hong Kong) Limited as our Sole Sponsor to the [REDACTED] [REDACTED] in June 2023. We then terminated our engagement with CITIC Securities Co., Ltd as our sponsor for Second A-share Application in September 2023. Our Directors confirmed that there is no disagreement between the Company and Zhongtai Securities Co., Ltd. and CITIC Securities Co., Ltd., the two former sponsors in previous listing applications. Considering the foregoing and based on the independent due diligence work performed by the Sole Sponsor, nothing material has come to the attention of the Sole Sponsor which indicated that there were any disagreements between the Company and the outgoing professional parties, including previous sponsors, engaged by the Company in relation to the A-share Application and Second A-share Application.

Our Directors confirmed that based on the publicly available information, none of the professional parties engaged by the Company in relation to the A-share Application and Second A-share Application had been/are subject to any investigation by the relevant regulatory authorities in the PRC in relation to the A-share Application and the Second A-share Application. Our Directors further confirmed, and the Sole Sponsor concurred, that there is no other significant matter in relation to the A-share Application and Second A-share Application that needs to be brought to the attention of the Stock Exchange or [REDACTED].

[REDACTED]

Overview

[REDACTED]	Date of agreement	Number of Shares subscribed/acquired	Consideration	Date of completion on which the consideration was fully settled	Number of Shares as of the Latest Practicable Date	Approximate average cost per Share	Interest held in our Company immediately before completion of the [REDACTED]	Interest held in our Company upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate discount/ (premium) to the [REDACTED] (midpoint) (1)(2)
Ms. Huang Yi(3)	March 20, 2018	5,000,000	RMB50,000,000	May 23, 2022	3,500,000	RMB8.72	1.53%	[REDACTED]	[REDACTED]
Tianjin Haikai Xinchuang	March 20, 2018	10,000,000	RMB100,000,000	March 28, 2018	10,000,000	RMB10.00	4.37%	[REDACTED]	[REDACTED]
Ms. Zhang Yizhen	January 26, 2022 March 5, 2022	800,000 1,500,000	RMB10,376,000 RMB19,470,000	February 16, 2022 January 27, 2022	2,300,000	RMB12.98	1.00%	[REDACTED]	[REDACTED]
Mr. Zhang Jianjun	January 26, 2022	340,000	RMB4,409,800	February 14, 2022	340,000	RMB12.97	0.15%	[REDACTED]	[REDACTED]
Mr. Zhao Duxue	May 20, 2022	4,000,000	RMB51,520,000	May 23, 2022	4,000,000	RMB12.88	1.75%	[REDACTED]	[REDACTED]
CITIC Securities Investment	August 15, 2022	4,166,666	RMB49,992,992	August 26, 2022	4,166,666	RMB12.00	1.82%	[REDACTED]	[REDACTED]

Notes:

(1) The [REDACTED] is calculated based on the exchange rate of RMB1.00 to HK$1.10, and assuming the [REDACTED] is fixed at HK$[REDACTED], being the mid-point of the indicative [REDACTED].

(2) Consideration represents the amount paid by each [REDACTED] for their subscription or acquisition of Shares at relevant time. The discount/(premium) to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] of HK$[REDACTED] to HK$[REDACTED]). The foregoing price range has taken various factors including the recent market condition, liquidity premium after the [REDACTED], valuation level of the [REDACTED] comparable peers, the current business scale of our Group and future profitability of our Group, into account.

(3) Ms. Huang Yi transferred her 1,500,000 Shares to Ms. Zhang Yizhen at a consideration of RMB19,470,000 on March 5, 2022. Thus, her total investment amount in our Company was RMB30,530,000. As of the Latest Practicable Date, Ms. Huang Yi held 3,500,000 Shares in our Company.

The table below sets forth the other details of the [REDACTED]:

Reasons and benefits	At the time of each [REDACTED], our Directors were of the view that our Company would benefit from: ● the additional capital to fund our business development and supplement our Company's working capital; ● the insights for industry, advice on business expansion or strategic direction that the [REDACTED] may bring to our Company; ● the network and experience of the [REDACTED] in capital market which may facilitate our Company's future financing; and ● the [REDACTED] investments demonstrating their confidence and recognition in our business, strengths and prospects, which may attract further investments in our Company.
Basis for determination of consideration	The considerations for the [REDACTED] received by us were determined after arm's length negotiations between our Company and the relevant [REDACTED] with reference to the then net asset value of our Company.
[REDACTED] from the [REDACTED]	All [REDACTED] from the [REDACTED] are used for business expansion and operation, including expenses for new construction and expansion of production bases, R&D of advanced technology and daily operation. As of the Latest Practicable Date, the [REDACTED] from the [REDACTED] had been fully utilized.
[REDACTED] Period	In accordance with the applicable PRC laws, the [REDACTED] are not allowed to sell any of their Shares within 12 months after the [REDACTED].

Special Rights granted to our [REDACTED]

Mr. Zhao Duxue (趙篤學), Ms. Huang Yi (黃怡), Ms. Zhang Yizhen (張義貞), Mr. Zhang Jianjun (張建軍) (collectively, "**Individual [REDACTED]**" and each an "**Individual [REDACTED]**") and Tianjin Haikai Xinchuang were granted certain special rights, including without limitation, rights to require redemption of the Shares by Mr. Wang Zhongshan and Ms. Zhang Xiuqin (the "**CP Redemption Rights**"), information rights, rights to appoint observer, rights of first refusal, restrictions on sale, and drag-along rights (the "**Special Rights I**"), all of which have been terminated before our first submission of application for the [REDACTED] ("**First A1 Submission**"). In the event that: (i) our Company abandons or terminates our [REDACTED]; (ii) the Stock Exchange does not accept our [REDACTED]; (iii) our Company withdraws our [REDACTED]; or (iv) our [REDACTED] is rejected or returned by the Stock Exchange (the "**Reinstatement Events I**"), the CP Redemption Rights shall reinstate.

CITIC Securities Investment was granted certain special rights, including without limitation, rights to require redemption of the Shares by Mr. Wang Zhongshan, Ms. Zhang Xiuqin, Mr. Wang Guoxin, Ms. Wang Na (the "**Wang Family**") or any third party designated by the Wang Family with the written consent of CITIC Securities Investment (the "**Family Redemption Rights**") information rights, rights of first refusal, restrictions on sale, co-sale rights, drag-along rights, inspection rights, rights of most favored treatment and rights to inspect or freeze the accounts of our Company and/or the Wang Family opened with CITIC Securities Investment or its affiliates (the "**Special Rights II**", together with the Special Rights I are collectively referred to as the "**Special Rights**"). Save for the Family Redemption Rights, which have been terminated before our First A1 Submission, all the other Special Rights II will be terminated upon [REDACTED]. In the event that: (i) our Company abandons or terminates our [REDACTED]; (ii) the Stock Exchange does not accept our [REDACTED]; (iii) our Company withdraws our [REDACTED]; (iv) our [REDACTED] is rejected or returned by the Stock Exchange; (v) the Stock Exchange terminates review of our [REDACTED]; or (vi) our Company fails to complete our [REDACTED] on or before December 31, 2024 (the "**Reinstatement Events II**"), all the Special Rights II shall reinstate.

Information of [REDACTED]

To the best of our knowledge, information and belief and having made all reasonable enquiries, all the [REDACTED] are Independent Third Parties. The following table sets forth the information of the [REDACTED]:

Name of [REDACTED]	Information of our [REDACTED]
Tianjin Haikai Xinchuang	Tianjin Haikai Xinchuang Industrial Development Co., Ltd.* (天津海開信創產業發展有限公司) (formerly known as Tianjin City Tanggu Economic Development Zone Industrial Development Company* 天津市塘沽經濟開發區工業投資公司) is a limited liability company incorporated under the laws of the PRC. Its principal businesses include park management, entrepreneurial space management and enterprise management. According to publicly available information, Tianjin Haikai Xinchuang is solely owned by Tianjin Haitai Capital Investment Management Co., Ltd. (天津海泰資本投資管理有限公司), which is solely owned by Tianjin Haitai Group Co., Ltd.* (天津海泰控股集團股份有限公司) ("**Tianjin Haitai Group**"). Tianjin Haitai Group is owned as to approximately 91% by the management committee of Tianjin Binhai High-tech Industrial Development Zone (天津濱海高新技術產業開發區管委會).
CITIC Securities Investment . .	CITIC Securities Investment Limited* (中信証券投資有限公司) is a limited liability company incorporated under the laws of the PRC and is a wholly-owned subsidiary of CITIC Securities Company Limited (中信証券股份有限公司), being a company listed on the Stock Exchange (Stock Code: 6030) and a company listed on the Shanghai Stock Exchange (Stock Code: 600030). Its principal businesses include financial product investment, securities investment and equity investment.

Name of [REDACTED]	Information of our [REDACTED]
	CITIC Securities Investment and the Sole Sponsor, CITIC Securities (Hong Kong) Limited, are both wholly-owned subsidiaries of CITIC Securities Company Limited, and are members of a sponsor group as defined under the Listing Rules.
Mr. Zhao Duxue (趙篤學)	Mr. Zhao Duxue is a businessman. He was the former chairman of Shandong Mining Machinery Group Co., Ltd. (山東礦機集團股份有限公司) ("**Shandong Mining**"), a company listed on the Shenzhen Stock Exchange (stock code: 002526). As of June 30, 2024, Mr. Zhao Duxue was the de facto controller of and held 20.79% of the issued shares of Shandong Mining. He was introduced to our Group by our executive Director, Mr. Wang Zegang while he worked in Shandong Mining previously.
Ms. Huang Yi (黃怡)	Ms. Huang Yi is a famous actress in the PRC who graduated from the performance department in the Beijing Film Academy. She became acquainted with our Company as she was our Company's corporate image spokesperson from 2013 to 2020.
Ms. Zhang Yizhen (張義貞) . .	Ms. Zhang Yizhen is an accountant. She was the former director and chief financial officer of Shandong Mining. As of June 30, 2024, Ms. Zhang Yizhen held 0.89% of the issued shares of Shandong Mining. She was introduced to our Group by our executive Director, Mr. Wang Zegang while he worked in Shandong Mining previously.
Mr. Zhang Jianjun (張建軍) . .	Mr. Zhang Jianjun is an engineer. He was a former director of Shandong Mining. He was introduced to our Group by our executive Director, Mr. Wang Zegang while he worked in Shandong Mining previously.

Compliance with the Guide for New Listing Applicants

On the basis that (i) the consideration for each of the [REDACTED] was settled at least 28 clear days prior to the date of the Company's submission, and (ii) the Special Rights and undertakings granted under the shareholders' agreement to the [REDACTED] will be terminated or otherwise fulfilled upon [REDACTED], the Sole Sponsor confirmed that the [REDACTED] are in compliance with requirements set out in chapter 4.2 of the Guide For New Listing Applicants.

MAJOR ACQUISITIONS, MERGERS AND DISPOSALS

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

FULL CIRCULATION

Our Company has applied for [REDACTED] full circulation to convert certain of the [REDACTED] into [REDACTED] as per the instructions of the relevant Shareholders. The conversion of [REDACTED] into [REDACTED] will involve an aggregate of [REDACTED] [REDACTED] held by six existing Shareholders (i.e. [REDACTED] [REDACTED] being held by Mr. Zhao Duxue (趙篤學), [REDACTED] [REDACTED] being held by Ms. Huang Yi (黃怡), [REDACTED] [REDACTED] being held by Ms. Zhang Yizhen (張義貞), [REDACTED] [REDACTED] being held by Mr. Zhang Jianjun (張建軍), [REDACTED] [REDACTED] being held by Tianjin Haikai Xinchuang and [REDACTED] [REDACTED] being held by CITIC Securities Investment), representing approximately [REDACTED] of total issued Share capital of the Company upon the completion of the conversion of [REDACTED] into [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised).

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

[REDACTED]

Given that (i) the shareholding of each of Mr. Zhao Duxue (趙篤學), Ms. Huang Yi (黃怡), Ms. Zhang Yizhen (張義貞), Mr. Zhang Jianjun (張建軍), Tianjin Haikai Xinchuang, and CITIC Securities Investment (collectively, the "**Full Circulation [REDACTED]**") in our Company upon the completion of the [REDACTED] is less than 10%; (ii) each of the Full Circulation [REDACTED] is solely financial investor in our Group; (iii) each of the Full Circulation [REDACTED] is Independent Third Party; and (iv) none of the Full Circulation [REDACTED] are core connected person as defined under the Listing Rules and none of the Full Circulation [REDACTED] fall within any category under Rule 8.24 of the Listing Rules, the Shares held by the Full Circulation [REDACTED] will be counted as part of the [REDACTED] of our Company upon the completion of the [REDACTED].

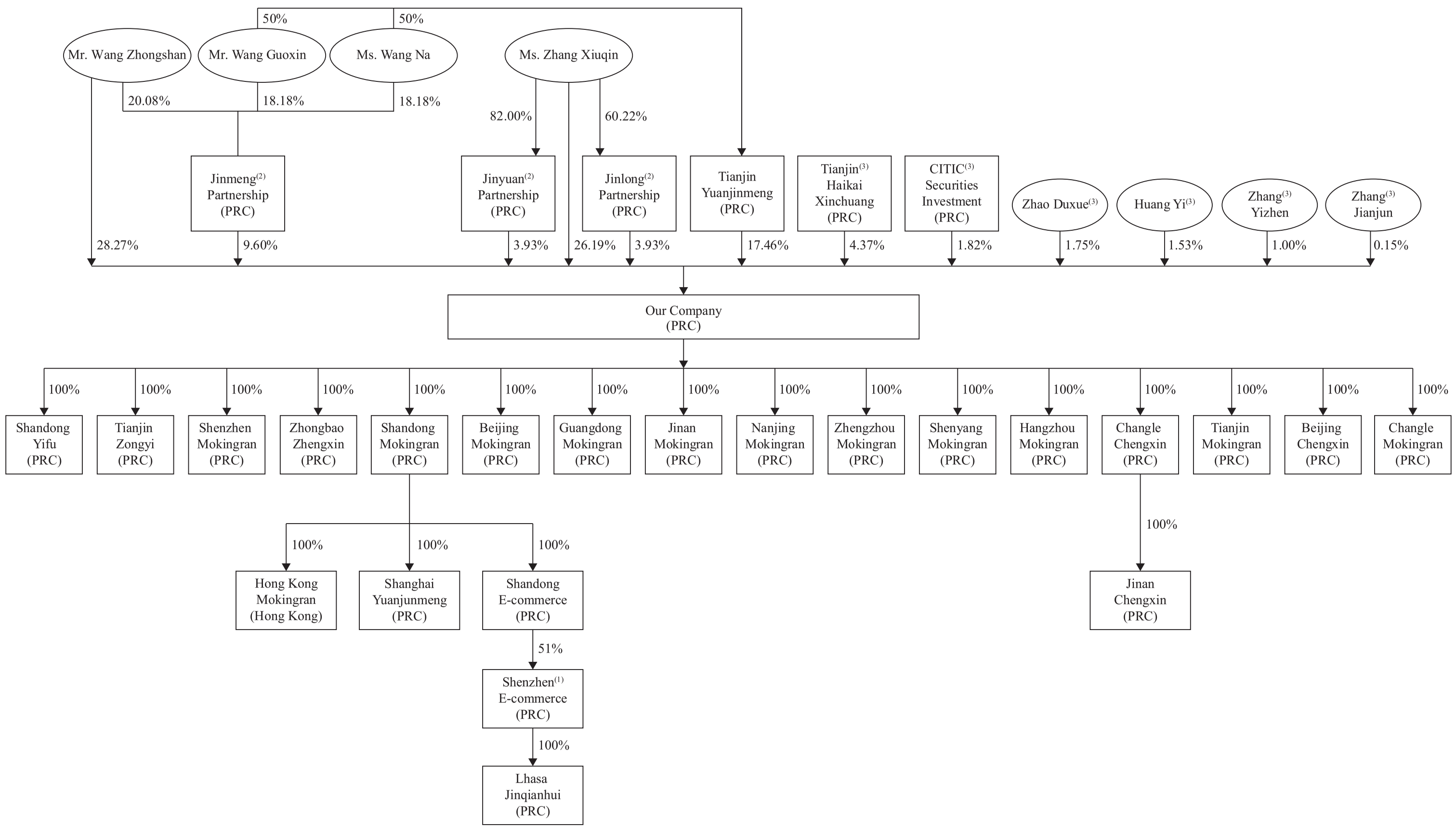
The aggregate of [REDACTED] Shares held by Mr. Wang Zhongshan, Ms. Zhang Xiuqin, Jinmeng Partnership, Jinyuan Partnership, Jinlong Partnership and Tianjin Yuanjinmeng (collectively, the "**[REDACTED] Shareholders**"), representing approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued Shares upon exercise of the [REDACTED] in full, will not be considered as part of the [REDACTED] as the Shares they hold are [REDACTED] which will not be converted into [REDACTED] and [REDACTED] following the completion of the [REDACTED].

Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all [REDACTED] are not allowed to dispose of any of the Shares held by them.

Immediately upon the completion of the [REDACTED] and conversion of [REDACTED] into [REDACTED] (assuming the [REDACTED] is not exercised), assuming [REDACTED] [REDACTED] are issued to the public Shareholders in the [REDACTED] and [REDACTED] [REDACTED] held by the Full Circulation [REDACTED] will be converted into [REDACTED], an aggregate of [REDACTED] [REDACTED] representing approximately [REDACTED]% of our total issued Shares will be counted towards the [REDACTED], which is in compliance with the requirement under Rule 8.08 of the Listing Rules.

OUR CORPORATE STRUCTURE AND SHAREHOLDING STRUCTURE

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



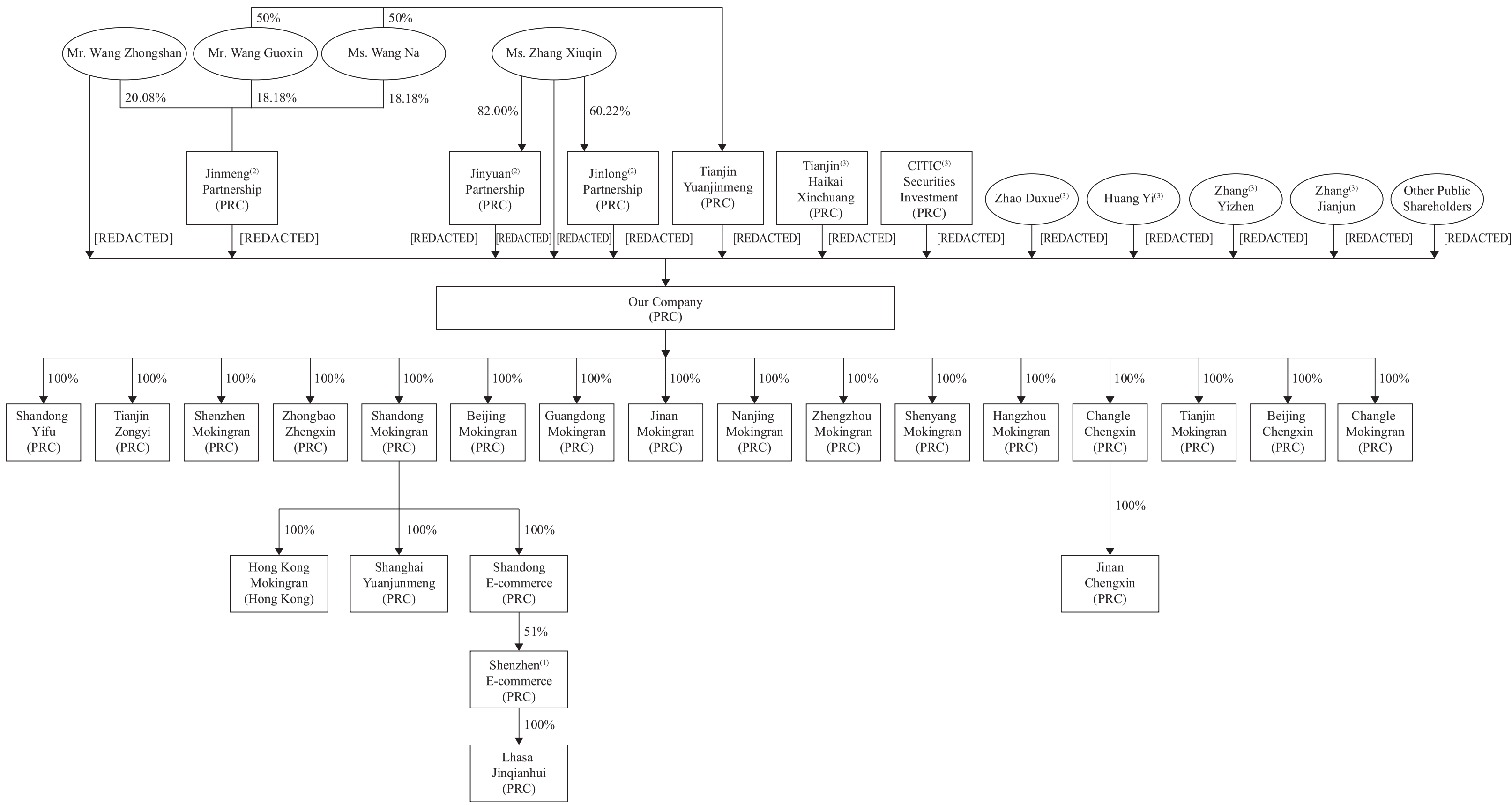
Notes:

(1) Shenzhen E-commerce is owned 51% by Shandong E-commerce and 49% by Shenzhen City Gold Chief Executive Technology Culture Co., Ltd.* (深圳市金總裁科技文化有限公司), an Independent Third Party.

(2) Jinmeng Partnership, Jinyuan Partnership and Jinlong Partnership are our Employee Shareholding Platforms. See " — Our Employee Shareholding Platforms'' above for details.

(3) Tianjin Haikai Xinchuang, CITIC Securities Investment, Zhao Duxue (趙篤學), Huang Yi (黃怡), Zhang Yizhen (張義貞) and Zhang Jianjun (張建軍) are our [REDACTED].

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



Notes:

(1) Shenzhen E-commerce is owned 51% by Shandong E-commerce and 49% by Shenzhen City Gold Chief Executive Technology Culture Co., Ltd.* (深圳市金總裁科技文化有限公司), an Independent Third Party.

(2) Jinmeng Partnership, Jinyuan Partnership and Jinlong Partnership are our Employee Shareholding Platforms. See " — Our Employee Shareholding Platforms" above for details.

(3) Tianjin Haikai Xinchuang, CITIC Securities Investment, Zhao Duxue (趙篤學), Huang Yi (黃怡), Zhang Yizhen (張義貞) and Zhang Jianjun (張建軍) are our [REDACTED].