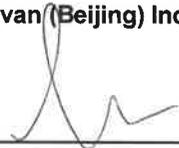


Independent Market Research on Jewelry Market

Confidential

Date : June 18, 2025

For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.



Name: Charles Lau
Title: Executive Director

Frost & Sullivan

June 2025



Scope

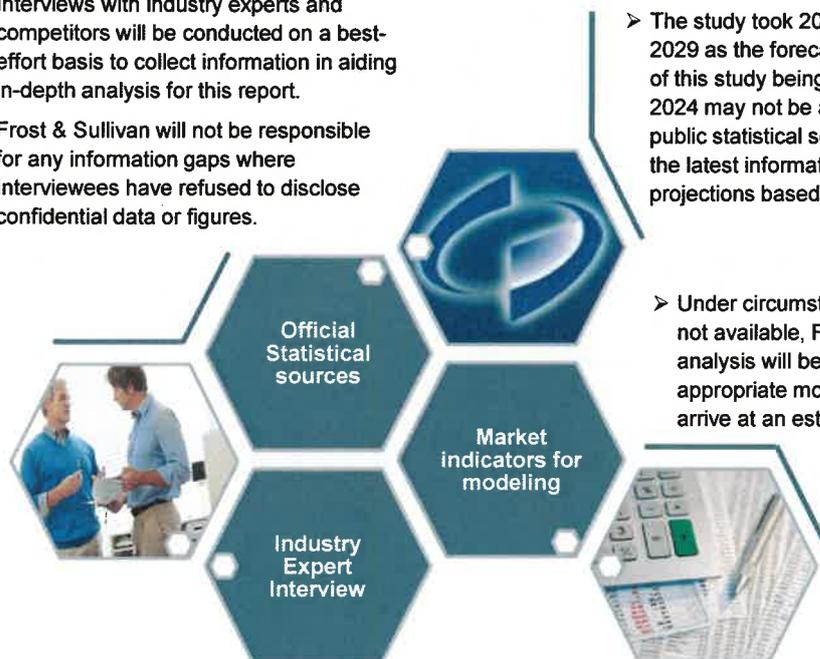
■ The project scope is defined as follows:

<p>Research Period</p>	<ul style="list-style-type: none"> • Historical Year: 2019-2023 • Base Year: 2024 • Forecast Year: 2025E-2029E
<p>Geographic Scope</p>	<ul style="list-style-type: none"> • The PRC/China (The People’s Republic of China excluding, for the purposes of this report, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
<p>Target Market</p>	<ul style="list-style-type: none"> • Jewelry Market • Gold Jewelry Market • Diamond-set Jewelry Market

Limitation

■ **Source of Information**

- Interviews with industry experts and competitors will be conducted on a best-effort basis to collect information in aiding in-depth analysis for this report.
- Frost & Sullivan will not be responsible for any information gaps where interviewees have refused to disclose confidential data or figures.
- The study took 2024 as the base year and 2025-2029 as the forecast period. However, as the point of this study being 2024, some of the figures of 2024 may not be available at the moment from public statistical sources. Frost & Sullivan will use the latest information available (e.g. 2023) or make projections based on historical trends.



- Under circumstances where information is not available, Frost & Sullivan in-house analysis will be leveraged using appropriate models and indicators to arrive at an estimate.

➤ Source of information will be stated in the right-hand corner at the bottom on each slide for easy reference.

Methodologies

■ Methodologies and Assumptions

- Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage includes consumer products, commercial aviation, automotive and transportation, chemicals, materials and food, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom.
- The Frost & Sullivan's report includes information on jewelry and gold jewelry market.
- Frost & Sullivan has conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants. Frost & Sullivan has also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan has obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers.
- Frost & Sullivan's Market Engineering Forecasting Methodology integrates several forecasting techniques with the Market Engineering Measurement-based System. It relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements include:
 - ✓ Expert-opinion forecasting methodology
 - ✓ Integration of market drivers and restraints
 - ✓ Integration with the market challenges
 - ✓ Integration of the Market Engineering Measurement trends
 - ✓ Integration of econometric variables
- In preparing the Report, Frost & Sullivan conducted detailed primary research which involved in-depth telephone and face-to-face interviews with industry participants. Frost & Sullivan also conducted secondary research which involved reviewing annual reports, industry publications and data based on its own research database. Frost & Sullivan obtained the figures for various market size estimates from historical data analysis plotted against macroeconomic data, and considered related industry drivers. Its forecasting methodology integrates several forecasting techniques with its internal analytics of critical market elements investigated in connection with its market research work. These elements primarily include identification of market drivers and restraints and integration of expert opinions. In preparation of the Frost & Sullivan Report, Frost & Sullivan assumed: (i) the economy in the global range is likely to maintain stable growth in the next decade, and (ii) the jewelry and gold jewelry market is expected to grow based on the macroeconomic assumptions of the economy.

Agenda

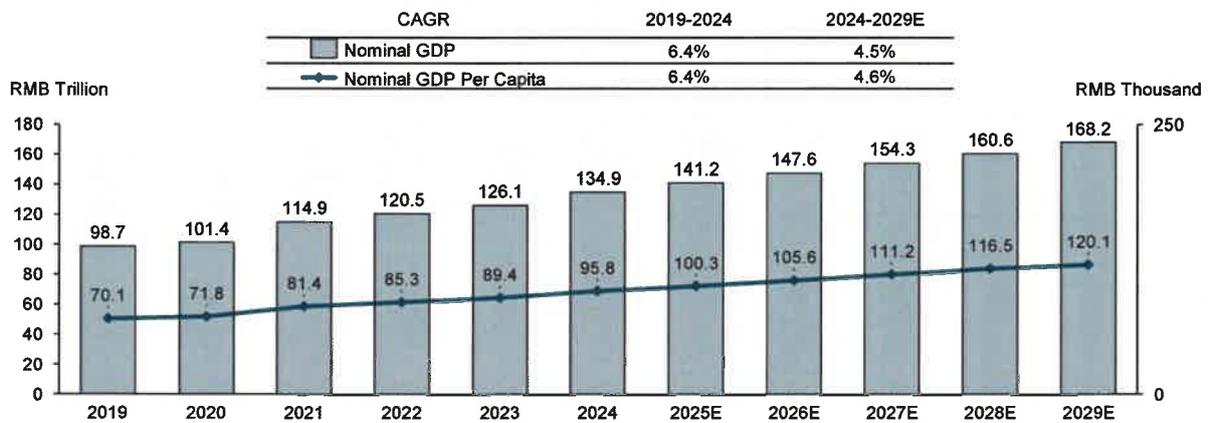
- 1** Overview of Macro Economy
- 2** Overview of Jewelry Market
- 3** Overview of Gold Jewelry Market
- 4** Overview of Diamond Jewelry Market
- 5** Competitive Landscape

Overview of Macro Economy

Nominal GDP and Nominal GDP Per Capita in the PRC

- The nominal GDP of the PRC experienced a stable growth from RMB98.7 trillion in 2019 to RMB134.9 trillion in 2024, representing a CAGR of 6.4%. It is expected that the nominal GDP will continue its steady growth at a CAGR of 4.5% from 2024 to 2029, mainly driven by macroeconomic stability and economic upgrading. The Chinese economy is transforming from investment-driven to consumption-driven, resulting in a sound market with healthy economic growth and a continuously increasing GDP.
- Likewise, the trend of the nominal GDP per capita is in accord with that of nominal GDP in the review period, growing from RMB70.1 thousand in 2019 to RMB95.8 thousand in 2024 at a CAGR of approximately 6.4% and is expected to reach RMB120.1 thousand in 2029 at a CAGR of roughly 4.6% from 2024 to 2029. The growth of nominal GDP per capita has indicated the prosperity of the economy, which is beneficial to the development of the digital marketing industry.

Nominal GDP and Nominal GDP Per Capita in the PRC, 2019-2029E



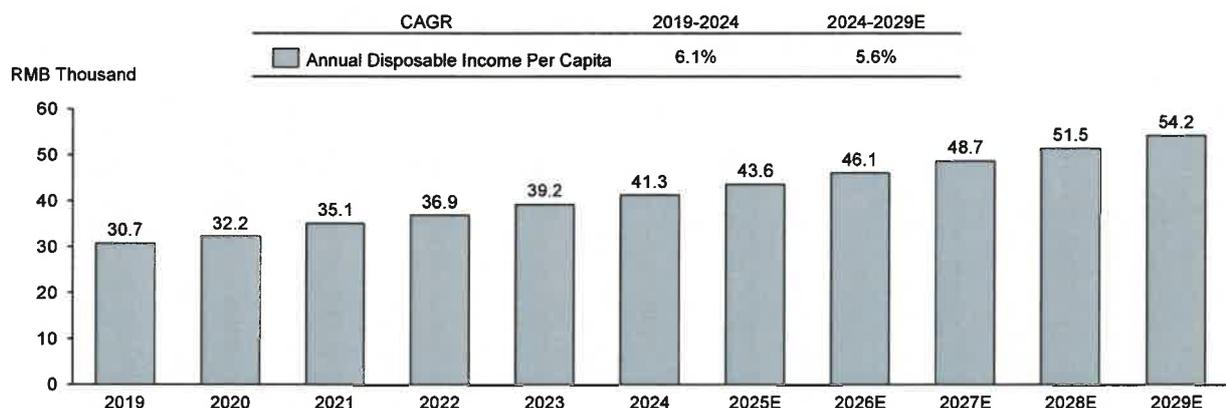
Source: National Bureau of Statistics, Frost & Sullivan

Overview of Macro Economy

Annual Disposable Income Per Capita in the PRC

- The annual disposable income per capita in the PRC has increased from RMB30.7 thousand in 2019 to RMB41.3 thousand in 2024, at a CAGR of approximately 6.1%. Looking forward, the economy in the PRC continues to grow and subsequently, the annual disposable income per capita is expected to reach approximately RMB54.2 thousand by 2029 from RMB41.3 thousand in 2024 at a CAGR of 5.6%. The growth potential for annual disposable income per capita in the PRC is expected to rise steadily for the next five years.

Annual Disposable Income Per Capita in the PRC, 2019-2029E



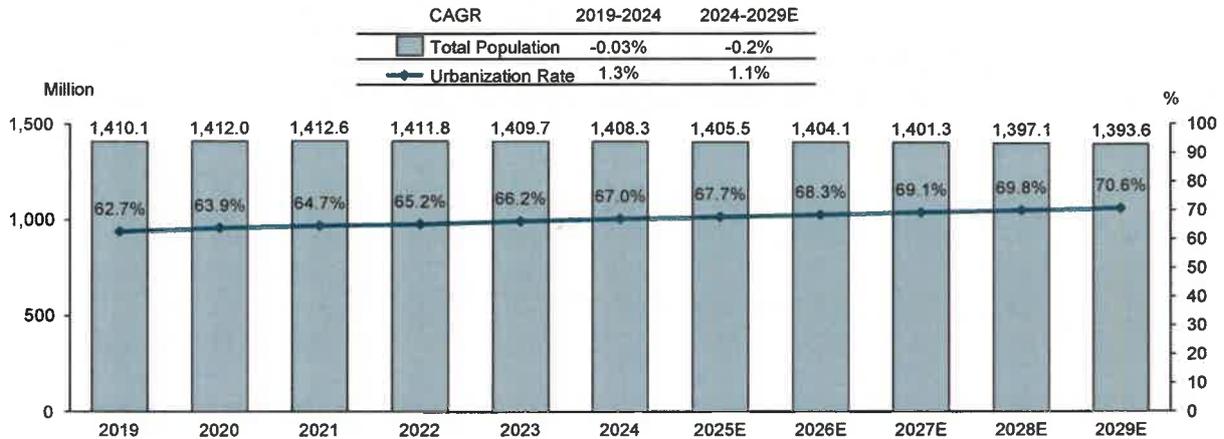
Source: National Bureau of Statistics, Frost & Sullivan

Overview of Macro Economy

Population and Urbanization in the PRC

- The period between 2019 and 2024 witnessed a muted growth in the population of the PRC from 1,410.1 million to 1,408.3 million at a CAGR of -0.03%. The population of the PRC is expected to decrease to 1,393.6 million in 2029. As upheld by continuous growth in the national economy and the government's initiative to accelerate the process of urbanization in the PRC, the urbanization rate increased from 62.7 to 67.0 from 2019 to 2024 at a CAGR of 1.3%. The PRC's urbanization rate is expected to increase, reaching 70.6% in 2029 at a CAGR of approximately 1.1% from 2023 to 2029.

Total Population and Urbanization Rate in the PRC, 2019-2029E



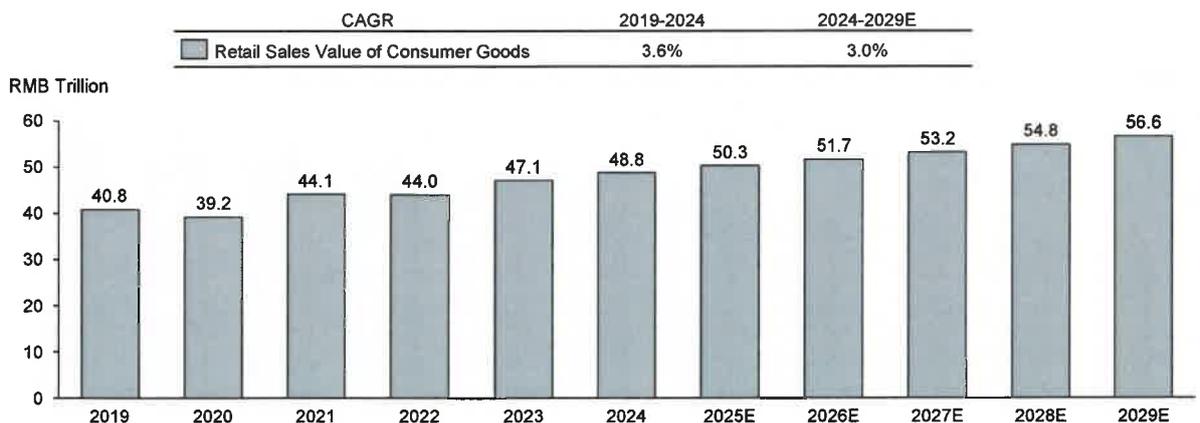
Source: National Bureau of Statistics, Frost & Sullivan

Overview of Macro Economy

Retail Sales Value of Consumer Goods in the PRC

- Total sales of consumer goods in the PRC saw an upward trend, with the value rising from RMB40.8 trillion in 2019 to RMB48.8 trillion in 2024, realizing a five-year CAGR of 3.6%, which was mainly due to the improving consumption power brought up by the healthy and sustainable economy. Despite the fact that COVID-19 temporarily affected the economy in the PRC, retail sales value of consumer goods in the PRC would recover soon as concepts of new retail, which means upgrading and transforming production and sales distribution by way of big data and artificial intelligence, rise in the PRC. Retail sales value of consumer goods in the PRC is expected to reach approximately RMB56.6 trillion by 2029 from RMB48.8 trillion in 2024, at a CAGR of 3.0%.

Retail Sales Value of Consumer Goods in the PRC, 2019-2029E



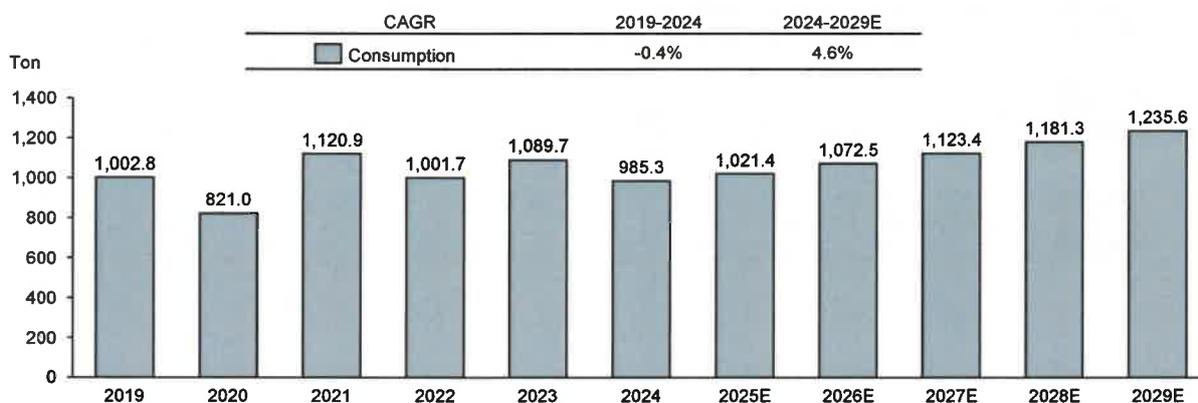
Source: National Bureau of Statistics of China, Frost & Sullivan

Overview of Macro Economy

Consumption of Gold in the PRC

- Gold is a precious metal that is durable, noncorrosive, malleable, and a store of value. Most gold produced these days is used in jewelry, followed by its use as an investment, with the remainder for industrial applications.
- The consumption of gold experienced an overall decrease from 1,002.8 tons in 2019 to 985.3 tons in 2024, realizing a CAGR of -0.4%. Offline sales channels were significantly affected by the pandemic. The domestic consumption of gold dropped drastically in 2020. However, with the increase in per capita disposable income, the recovery of the macroeconomy in the PRC and a series of policies to boost consumption, the gold consumption rebounded to 1,089.7 tons in 2023. Looking forward, supported by the robust growth of gold jewelry market, the consumption of gold is expected to grow at a CAGR of 4.6% from 2024 to 2029, reaching approximately 1,235.6 tons in 2029.

Consumption of Gold in the PRC, 2019-2029E

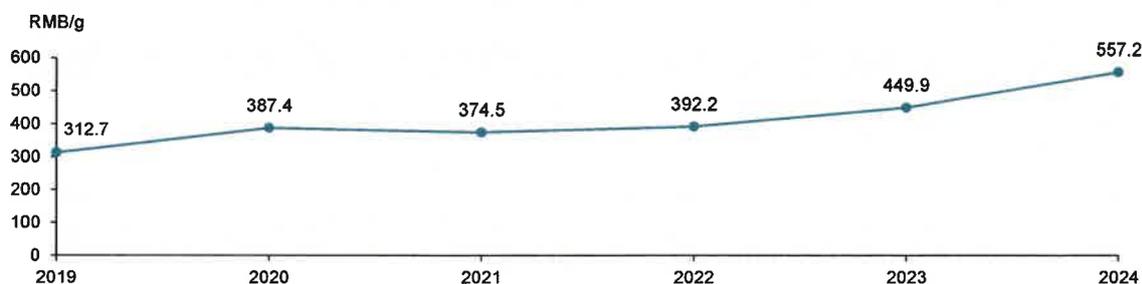


Source: China Gold Association, Frost & Sullivan

Overview of Macro Economy

Gold Price in the PRC

Price Trend of Gold (Au9999), 2019-2024



- The gold price in the PRC generally aligns with international market trends. However, domestic prices often surpass international levels due to high demand in the domestic market. This disparity arises from significant gold imports, leading to additional costs related to physical delivery, warehousing, local taxes, and currency conversion, ultimately contributing to higher spot prices within the PRC.
- The average annual spot price for Au9999 gold in the PRC has shown a steady upward trend from 2019 to 2024, increasing from RMB312.7/g in 2019 to RMB557.2/g in 2024, which can be attributed to various factors including heightened global economic and political instability and strong domestic demand, particularly from the jewelry industry. Furthermore, ongoing geopolitical conflicts and inflationary pressures have reinforced gold's appeal as a hedge against risks, driving demand and pushing the spot price to an all-time high of RMB 557.2/g in 2024. As of the Latest Practicable Date, the average annual spot price including value added tax (VAT) for Au9999 gold in the PRC reached RMB689.2/g. The retail sales prices of gold jewelry are typically adjusted based on fluctuations in gold prices.

Source: Shanghai Gold Exchange, Frost & Sullivan

Agenda

1	Overview of Macro Economy
2	Overview of Jewelry Market
3	Overview of Gold Jewelry Market
4	Overview of Diamond Jewelry Market
5	Competitive Landscape

Overview of Jewelry Market

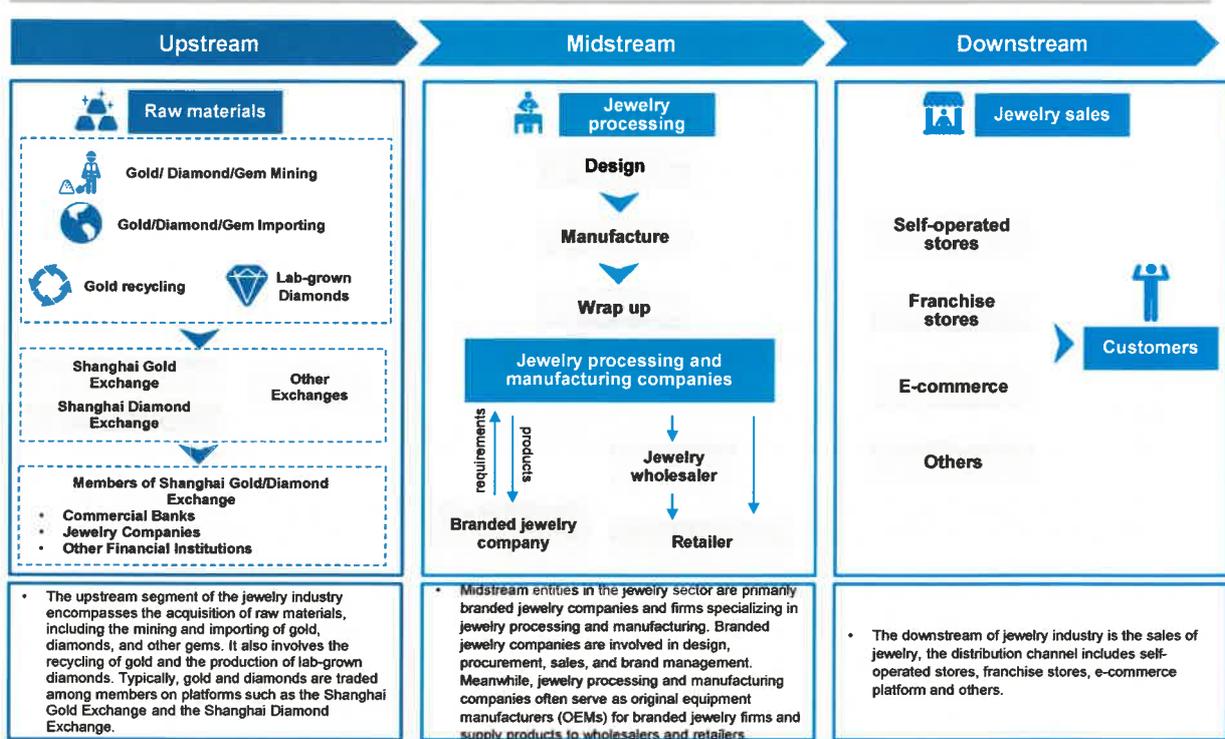
Definition and Classification

Definition of Jewelry		
<ul style="list-style-type: none"> Jewelry is an adornment designed for wearing, crafted from precious natural or artificial materials. Jewelry may be appreciated for its material properties, patterns, or meaningful symbols. 		
Classification of Jewelry		
<ul style="list-style-type: none"> By function, it can be classified into earrings, necklaces, bracelets, rings, pendants, headwear, brooches, anklets, etc. By material, it can be classified into gold jewelry, diamond-set jewelry, jade jewelry, silver & platinum jewelry, colored gemstone jewelry, pearl jewelry, and others. 		
Material	Key Features	Figures
Gold Jewelry	<ul style="list-style-type: none"> Gold is a dense, soft, shiny metal and the most malleable and ductile metal known. Pure gold has a bright yellow color and luster, which it maintains without oxidizing in air or water. Gold jewelry is jewelry mainly made of gold, including various gold purity level. 	
Diamond Jewelry	<ul style="list-style-type: none"> Diamond jewelry is jewelry (usually made from platinum and K gold) studded with diamonds. The price of diamond jewelry varies according to the 4Cs: color, carat, clarity, and cut. 	
Jade Jewelry	<ul style="list-style-type: none"> Jade is typically green, although it may be yellow or white. Jade was considered to be the "imperial gem" and was used to create many utilitarian and ceremonial objects. Jade jewelry is jewelry mainly made of jade. 	
Silver & Platinum Jewelry	<ul style="list-style-type: none"> Platinum jewelry is jewelry with above 85% being platinum. The silver jewelry is made of sterling silver or 92.5% fine silver with 7.5% copper. 	
Others (including Gemstone, Pearl, etc.)	<ul style="list-style-type: none"> Others mainly include gemstones, pearls, and others. Gemstone jewelry is jewelry studded with gemstones. A gemstone or gem is a mineral that, in cut and polished form, is used to make jewelry or other adornments. Pearl jewelry is made out of or studded with pearls, considered organic gemstones, and classified by origin, then graded by size, shape, thickness, color, luster, surface clarity, and matching. 	

Source: Frost & Sullivan

Overview of Jewelry Market

Value Chain



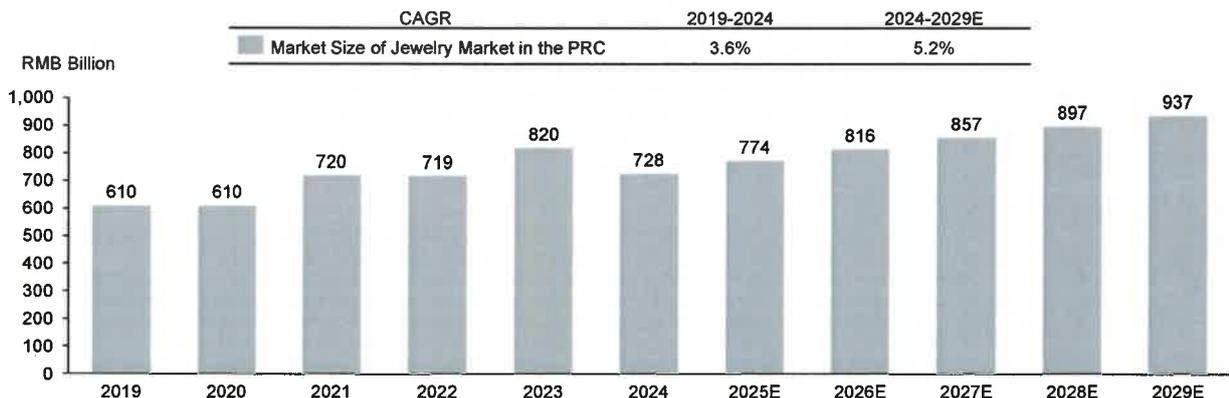
Source: Frost & Sullivan

Overview of Jewelry Market

Market Size of Jewelry Market in the PRC

- The jewelry market in the PRC witnessed moderate growth from RMB610 billion in 2019 to RMB728 billion in 2024, representing a CAGR of 3.6%, primarily fueled by the increasing purchasing power among consumers and rising demand for diversified jewelry for daily wear. Looking forward, the jewelry market in the PRC is expected to grow due to increasing self-appreciation demands, fashion consciousness among consumers, and the rise of digital retail and e-commerce, according to the Gems & Jewelry Trade Association of China and relevant market research reports, and it is estimated to reach RMB937 billion by 2029 with a CAGR of 5.2% from 2024 to 2029.

Market Size of Jewelry Market in the PRC, by Sales Revenue, 2019-2029E



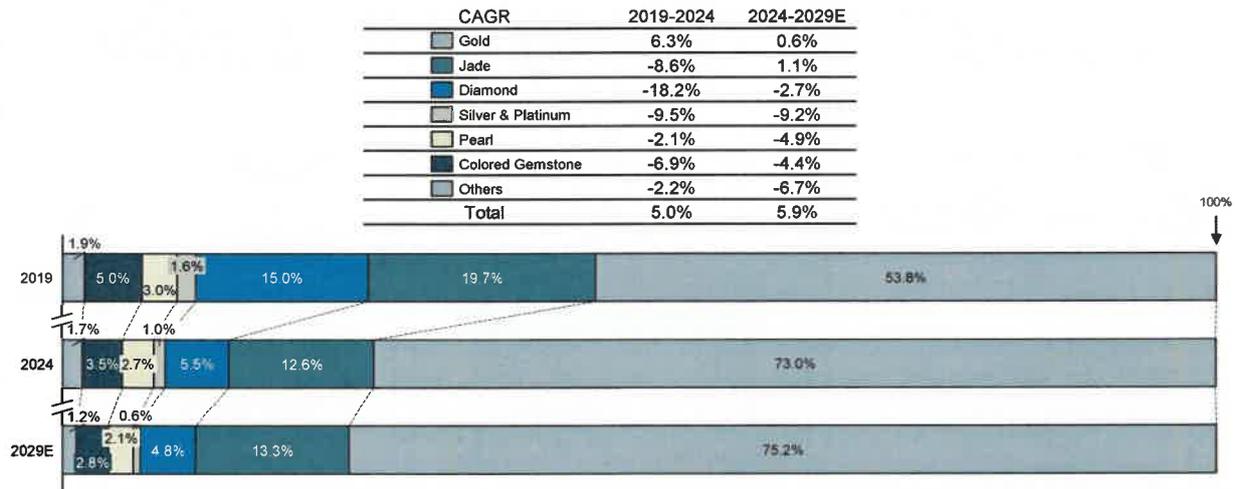
Note: Sales revenue refers to the total income of all jewelry companies generated from their business.

Source: Gems & Jewelry Trade Association of China, Annual Reports, Frost & Sullivan

Overview of Jewelry Market

Market Size and Breakdown of Jewelry Market in the PRC, by Retail Sales Value

Market Size and Breakdown of Jewelry Market in the PRC, by Retail Sales Value, 2019-2029E



- Gold jewelry has a deep cultural significance in China, a tradition that dates back thousands of years. Dominating the jewelry market, gold jewelry accounted for 73.0% of the market's retail sales value in 2024 and is forecasted to grow steadily from 2024 to 2029, outpacing other jewelry categories, which underscores its enduring appeal and significant role in the Chinese market both as a cherished adornment and a valuable investment.
- In 2024, jade jewelry commanded an 12.6% market share in the PRC but faced challenges in brand consolidation, leading to a fragmented market with numerous smaller companies. The diamond-set jewelry market was the third-largest segment, accounting for 5.5% of jewelry market, yet its growth was limited by shifting consumer tastes. Silver and platinum jewelry saw a significant decrease in market share, and the trend is expected to continue as these materials lose favor among consumers. Additionally, other categories such as pearls and colored gemstones remain niche, capturing only a small fraction of the overall market.

Note: Retail sales value refers to total monetary value of jewelry products sold to final consumers.

Source: Gems & Jewelry Trade Association of China, Frost & Sullivan

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Overview of Jewelry Market

Market Driver Analysis

Consumption Potential in Mass and Lower-Tier Market

- As the economy evolves and urbanization progresses, there is a noticeable shift in the consumer behavior of mass and lower-tier markets, in which consumers are increasingly seeking a higher quality of life and personalized consumption experiences. In this context, jewelry is capturing the attention of a growing consumer base thanks to its distinct allure and inherent value. Moreover, jewelry companies have strategically expanded their franchise operations and penetrated deeper into the mass and lower-tier markets, effectively addressing consumers' varied preferences for jewelry offerings. This strategic expansion has significantly contributed to accelerating growth within the jewelry industry.

Increasingly Diversified Consumption Scenarios

- Jewelry has increasingly become a fashion-centric accessory for daily wear. Younger consumers in the PRC are increasingly embracing gold not solely as a conventional emblem of affluence and prestige, but also as a contemporary accessory that reflects their fashion sensibilities and individual styles, according to the World Gold Council. Furthermore, the occasions for jewelry consumption have become more varied. Beyond traditional events such as weddings and engagements, the concept of self-gifting has emerged as a popular trend among Chinese consumers in recent years, indicating a shift towards purchasing jewelry as a means of self-appreciation.

Enhanced Purchasing Power with Shifting Consumer Preferences

- According to National Bureau of Statistics, the annual disposable income per capita for Chinese residents has risen from RMB30.7 thousand in 2019 to RMB41.3 thousand in 2024, achieving a CAGR of 6.1%. Simultaneously, there is a noticeable shift in consumer behavior, with consumers increasingly seeking a higher quality of life and personalized consumption experiences. In this context, jewelry is capturing the attention of a growing consumer base thanks to its inherent value and distinct allure with cultural and sentimental value, according to the Gems & Jewelry Trade Association of China and relevant market research reports. Consequently, this trend of growing financial capacity among consumers is expected to continue propelling the jewelry market forward.

Source: Frost & Sullivan

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Overview of Jewelry Market

Future Trends

Prominent Advantages of Leading Jewelry Companies

The jewelry market in the PRC is exhibiting a trend toward greater industry concentration, as evidenced by the market share of the five largest jewelry brands in terms of the number of offline stores in the gold jewelry market, which increased from 29.7% in 2019 to 35.9% in 2024. This rise underscores the expanding dominance of larger companies, largely driven by economies of scale, which allow these substantial entities to operate more efficiently, offer competitive prices, and maintain high profits. Additionally, this consolidation enables them to invest substantially in branding and marketing, enhancing their visibility and appeal in the market. As the importance of brand value is increasingly evident, major players can allocate significant resources to build and maintain their brand image, further solidifying their market position. Furthermore, larger companies often develop extensive retail networks and robust online platforms, enabling them to cover a broader customer base and respond more dynamically to market trends. Such strategic expansion also supports investment in product design, aligning with evolving consumer preferences and fueling ongoing growth in the jewelry market.

Diversification and Digitalization of Sales Channels

The diversification and digitalization of sales channels in the PRC's jewelry market are transformative trends reshaping consumer engagement and purchasing behavior. With an increasing proportion of sales shifting online, digital channels have become a significant growth driver. Notably, the proportion of revenue from e-commerce in the PRC's gold jewelry market increased from 5.9% in 2019 to 7.4% in 2024. As digital platforms become increasingly central to consumer lifestyles, jewelry companies expand their online presence, utilizing e-commerce websites and social media platforms to reach a broader audience. Simultaneously, traditional physical stores are integrating digital technologies such as live streaming, mini-programs and cloud platforms to create a seamless online-to-offline (O2O) customer journey, catering to the diverse preferences of various consumers.

Future Outlook

Source: Frost & Sullivan

Overview of Jewelry Market

Laws and Regulations (1/2)

Regulations	Issue time	Issue department	Description
The 14th Five-Year Plan of Gold Industry 《黄金行业“十四五”发展规划》	2022.11	China Gold Association	During the 14th Five-Year Plan period, it is planned to add 4,500-5,000 tons of gold resources. Deducing the consumption of gold production, which is 3,500-4,000 tons, the national gold resource volume will be 15,500-16,000 tons by 2025, an increase of over 5% from the end of the 13th Five-Year Plan period. By the end of the 14th Five-Year Plan period, the number of gold mining enterprises will be reduced from 365 at the end of the 13th Five-Year Plan period to about 300. During the 14th Five-Year Plan period, the number of gold exploration and development bases will increase from 7 during the 13th Five-Year Plan period to 12, and the number of key gold mining areas will increase from 17 to 22.
Opinions of the National Development and Reform Commission and the Ministry of Commerce on Relaxing Market Access Measures for the Construction of the Shenzhen Special Economic Zone under the China Special Economic Zone Model (《国家发展改革委商务部关于深圳建设中国特色社会主义先行示范区放宽市场准入若干特别措施的意见》)	2022.1	The National Development and Reform Commission Ministry of Commerce	Relax market access in key sectors, improve the access system for the Shenzhen gem and jewelry industry, and construct a comprehensive trade platform for Shenzhen's gem and jewelry industry by leveraging the cluster advantages of the industry in Shenzhen. Support the platform in forming linkages with institutions such as the China (Shanghai) Gem and Jewelry Trade Center and the Shanghai Diamond Exchange, and provide policy support for the industry from the financial perspective.
The outline of the 14th Five-Year Plan (2021-2025) (《十四五规划和2035年远景目标纲要(全2021.3文)》)		National People's Congress	It aims to promote consumption, comply with the trend of upgrading residents' consumption, combine expanding consumption with improving people's quality of life, promote the development of consumption towards green, health, and safety, steadily improve residents' consumption level, cultivate new types of consumption, develop information consumption, digital consumption, green consumption, encourage customization, experience intelligent, fashion consumption, and other new models and new forms of business development.
Measures for the Administration of Import and Export of Gold and Gold Products (《黄金及黄金制品进出口管理办法》(修改))	2020.6	The People's Bank of China	It aims to regulate the import of gold, requiring gold-importing enterprises to provide relevant materials related to the internal gold business risk control system to the People's Bank of China, copies of pollutant discharge permits, and annual compliance testing reports issued by provincial environmental protection departments, copies of overseas investment approval documents issued by commercial departments, copies of bank remittance certificates, certificates related to gold mining from overseas countries or regions, and tax records of enterprises in the past three years.
Several Opinions from General Office of the State Council of the People's Republic of China on boosting circulation to improve the Development of Commercial consumption (《国务院办公厅关于加快发展流通促进商业消费的意见》)	2019.8	General Office of the State Council of the People's Republic of China	It aims to boost the innovative transformation of conventional circulation enterprises by supporting offline entity commerce to accelerate new concepts, technology, skill, and design to reach improvement and transfer to contextualization, experiential, interactive, and comprehensive consumption places.
Regulation of manufacturing process of precious metal ornaments(《贵金属首饰制造工艺规范》)	2018.5	Ministry of Industry and Information Technology	It regulates requirements for the manufacturing process, other industrial art (design), testing methods, etc.
Guiding Opinions on accelerating transformation and upgrade in the Gold Industry (《关于推进黄金行业转型升级的指导意见》)	2017.1	Ministry of Industry and Information Technology	It proposes to structure a structurally optimized, resource-saving, environment-friendly, green-developed, and security-developed modern Gold Industry.

Source: Frost & Sullivan

Overview of Jewelry Market

Laws and Regulations (2/2)

Regulations	Issue time	Issue department	Description
Several Opinions from General Office of the State Council of the People's Republic of China on boosting innovative transformation in entity retail (《国务院关于推动实体零售创新转型的意见》)	2016.11	General Office of the State Council of the People's Republic of China	It aims to establish innovative, coordinated, opening, and sharing ideas of development and push a supply-side reform by using mechanism and system reform to develop new environment and information technology applications to inspire new energy of transformation, which leads to the acceleration of retail transformation from selling goods to guiding production and innovative lifestyle.
Several Opinions from General Office of the State Council of the People's Republic of China on increasing varieties, improving quality, creating brands in the Consumer Goods Industry to build an excellent market environment (《国务院办公厅关于发展消费品工业“三品”专项行动营造良好市场环境的若干意见》)	2016.5	General Office of the State Council of the People's Republic of China	It aims to increase the supply of medium and high-level consumption by increasing varieties, improving quality, and creating brands. It targets to improve market access to build a better business environment, strengthen market supervision, and consummate industrial policy.
Classification and Code of Jewelry, Jade and Noble metal products (《珠宝玉石及贵金属产品分类与代码》)	2010.12	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and Standardization Administration of the People's Republic of China	It regulates the classification and code of the material and varieties of Jewelry, Jade, and Noble metal products. It establishes the platform to handle, share, and exchange product information, promoting standard industry informatization construction.

Source: Frost & Sullivan

Agenda

- 1 Overview of Macro Economy
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- 3 **Overview of Gold Jewelry Market**
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Overview of Gold Jewelry Market

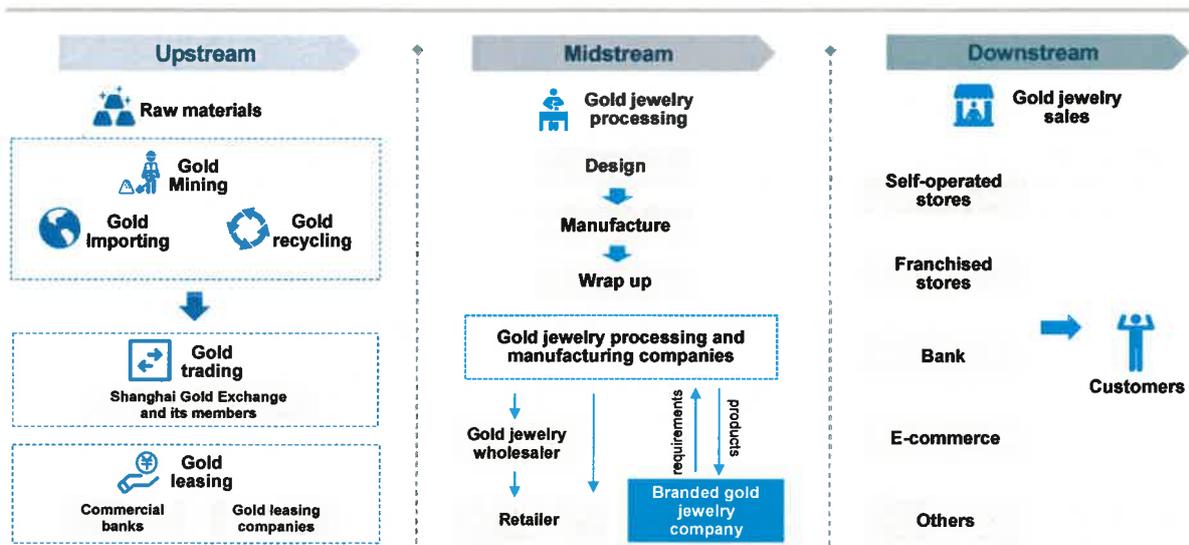
Definition and Classification



Source: China Gold Association, Frost & Sullivan

Overview of Gold Jewelry Market

Value Chain Analysis



- The gold jewelry industry's upstream segment includes gold mining, importing, recycling, trading, and leasing. Midstream entities, which mainly involve gold jewelry processing and manufacturing firms, often serve as original equipment manufacturers (OEMs) for well-known jewelry brands, supplying wholesalers and retailers within the industry. Downstream activities focus on the retail of gold jewelry, utilizing distribution channels that encompass chain stores, franchise outlets, banks, e-commerce platforms, and various other retail venues. As a branded gold jewelry company, the Company sources jewelry products from upstream suppliers, sets standards for, oversees, and purchases from midstream manufacturers, and establishes sales channels in the downstream market.
- Gold jewelry brands wield significant influence in the gold jewelry industry, with brand value playing a crucial role in shaping market dynamics. Additionally, the well-established upstream supply chains in the gold jewelry market enable leading brands to routinely engage in strategic procurement, ensuring their competitive edge and market leadership.

Note: The company is in the midstream and downstream of the gold jewelry value chain.

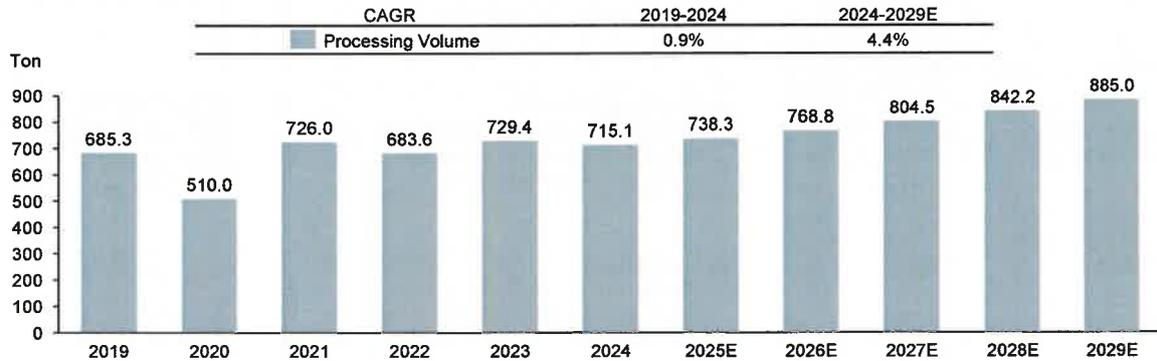
Source: Frost & Sullivan

Overview of Gold Jewelry Market

Processing Volume of Gold Jewelry

- The processing volume of gold jewelry in the PRC has experienced fluctuations due to economic shifts and varying gold prices. The processing volume of gold jewelry in the PRC experienced fluctuations from 2019 to 2024, initially declining from 685.3 tons in 2019 to 510.0 tons in 2020 due to the impact of the pandemic. However, the market gradually recovered, reaching 726.0 tons in 2021, followed by some fluctuations, with volumes recorded at 683.6 tons in 2022, 729.4 tons in 2023, and 715.1 tons in 2024.
- Looking ahead, the processing volume of gold jewelry in the PRC is expected to increase steadily, reaching 885.0 tons by 2029, with a CAGR of 4.4% from 2024 to 2029. This growth is driven by rising consumer demand, evolving fashion trends, and potential innovations in gold jewelry processing. The market's recovery reflects a strengthening industry outlook, supported by increased purchasing power, expanding retail channels, and continued interest in gold jewelry as both an investment and a fashion accessory.

Processing Volume of Gold Jewelry in the PRC, 2019-2029E



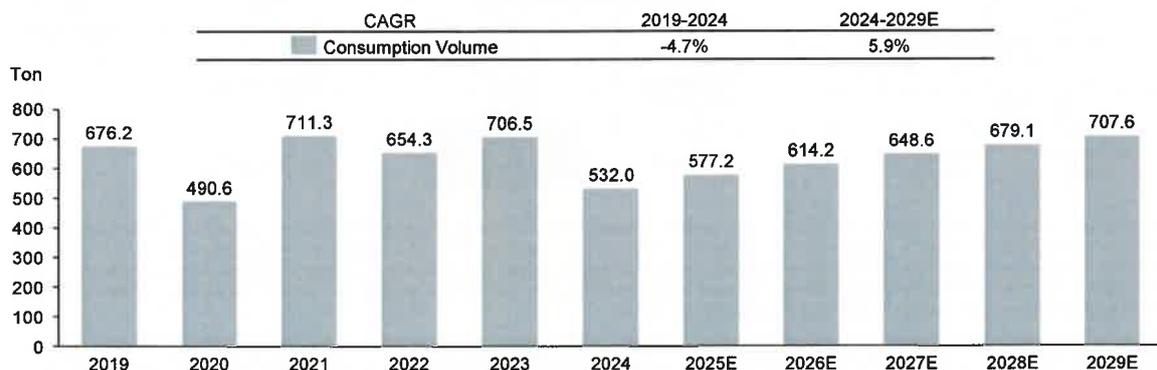
Source: China Gold Association, Frost & Sullivan

Overview of Gold Jewelry Market

Consumption Volume of Gold Jewelry

- The consumption volume of gold jewelry in the PRC has demonstrated a fluctuating trend, declining from 676.2 tons in 2019 to 532.0 tons in 2024, reflecting a CAGR of -4.7% during this period. This decline was primarily driven by the significant impacts of the pandemic in 2020 and 2022, meanwhile, heightened global geopolitical tensions and increased economic uncertainty led to gold experiencing a significant rise in prices, further contributing to the decline in consumption volume in 2024. However, fueled by a growing consumer preference for gold jewelry, the projected consumption volume is expected to increase steadily, reaching 707.6 tons by 2029, with a CAGR of 5.9% from 2024 to 2029.

Consumption Volume of Gold Jewelry in the PRC, 2019-2029E



Source: Gems & Jewelry Trade Association of China, China Gold Association, Frost & Sullivan

Overview of Gold Jewelry Market

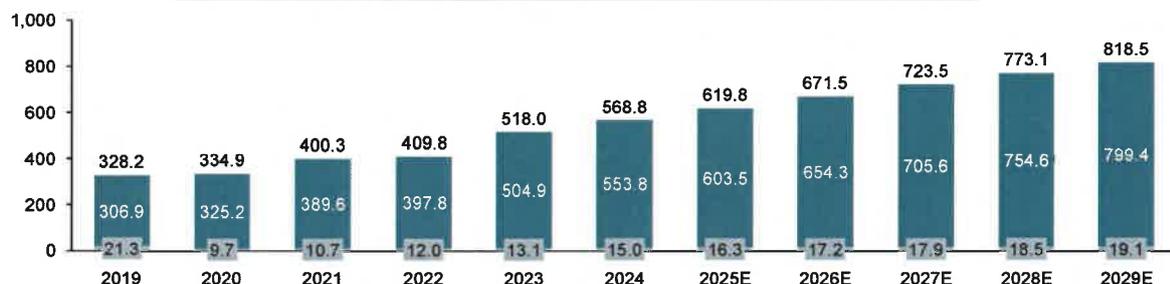
Market Size of Gold Jewelry Market in the PRC (1/3)

- The gold jewelry market in the PRC has experienced growth, escalating from RMB328.2 billion in 2019 to RMB568.8 billion in 2024, marking a CAGR of 11.6%, which is driven by a combination of factors, including the rising disposable income among consumers, a deep-seated cultural preference for gold as an investment and decoration, and innovative retail experiences that merge traditional shopping with digital platforms. Pure gold jewelry, in particular, has seen a significant uptick with a CAGR of 12.5% during this period, suggesting a strong consumer preference for higher-purity gold. Meanwhile, K gold jewelry has not enjoyed the same level of growth, experiencing a decline that suggests shifting tastes within the market.
- From 2024 to 2029, the gold jewelry market is forecasted to continue expanding at a steady pace, with an anticipated CAGR of 7.6%, reaching RMB818.5 billion by 2029. This growth will be driven by the ongoing popularity of gold jewelry as a preferred asset for wealth preservation, advancements in design and production techniques, and the increasing integration of digital and traditional retail channels, enhancing consumer access and convenience.

Market Size of Gold Jewelry Market in the PRC, by Sales Revenue, 2019-2029E

	CAGR	2019-2024	2024-2029E
Pure Gold Jewelry		12.5%	7.6%
K gold Jewelry		-6.8%	5.0%
Total		11.6%	7.6%

RMB Billion



Source: Gems & Jewelry Trade Association of China, China Gold Association, Frost & Sullivan

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Overview of Gold Jewelry Market

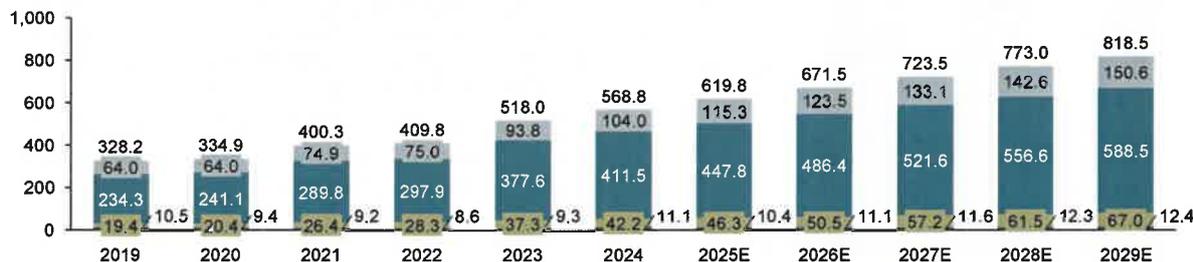
Market Size of Gold Jewelry Market in the PRC (2/3)

- The gold jewelry market in the PRC has shown fluctuating growth, reaching RMB568.8 billion in 2024, up from RMB328.2 billion in 2019, representing a CAGR of 11.6%. Notably, franchised stores held the largest share of 72.3% in the gold jewelry market in 2024. However, the most rapid growth was seen in the e-commerce sector, which recorded the highest CAGR of 16.8% during this period, highlighting an accelerating shift towards digitalization and the increasing consumer preference for the convenience of online shopping.
- The market is set to continue with its growth, with projections reaching RMB818.5 billion by 2029, driven by a CAGR of 7.6% from 2024 to 2029. This growth will be supported by sustained demand for gold jewelry as a means of wealth preservation, advancements in jewelry craftsmanship, and the continued integration of online and offline retail channels to increase accessibility. The e-commerce channel is expected to maintain robust growth with a CAGR of 9.7% from 2024 to 2029, underscoring the growing significance of digital platforms in the gold jewelry market. Franchised stores and offline self-operated stores are also projected to experience steady growth, with CAGRs of 7.4% and 7.7%, respectively, during the same period.

Market Size of Gold Jewelry Market in the PRC, Breakdown by Sales Channel, by Sales Revenue, 2019-2029E

	CAGR	2019-2024	2024-2029E
Offline self-operated stores		10.2%	7.7%
Franchised stores		11.9%	7.4%
E-commerce		16.8%	9.7%
Others		1.1%	2.2%
Total		11.6%	7.6%

RMB Billion



Note: Others include banks and exhibitions, etc.

Source: Gems & Jewelry Trade Association of China, China Gold Association, Frost & Sullivan

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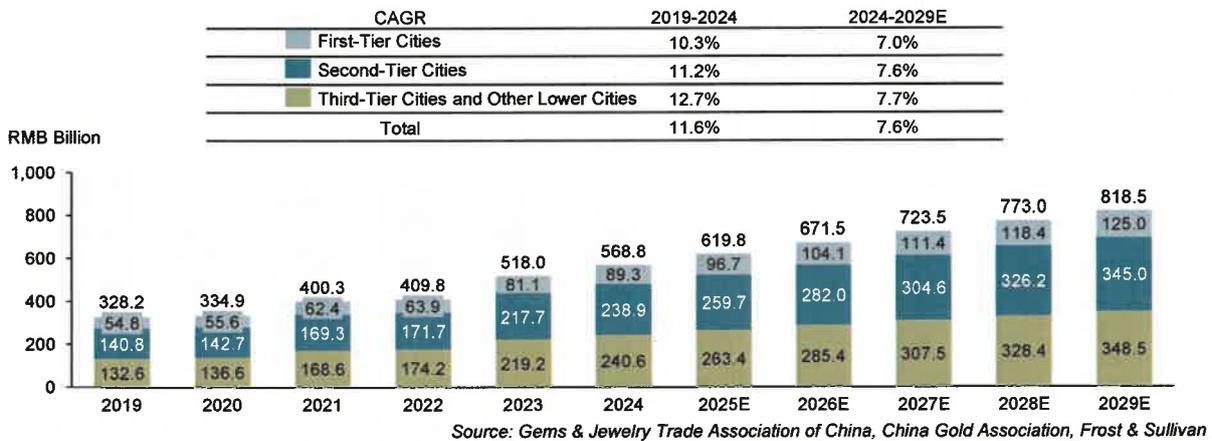
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Overview of Gold Jewelry Market

Market Size of Gold Jewelry Market in the PRC (3/3)

- The gold jewelry market in the PRC has exhibited varied growth rates across different urban tiers, reflecting the country's multifaceted consumption landscape. From 2019 to 2024, the market expanded from RMB328.2 billion to RMB568.8 billion, driven by factors such as increased disposable incomes, and a deep-seated cultural preference for gold as an investment and decoration. The most pronounced growth was in Third-Tier Cities and other lower cities, which achieved the highest CAGR at 12.7%. Second-Tier Cities also demonstrated strong growth with a CAGR of 11.2%, while First-Tier Cities grew at a CAGR of 10.3%.
- From 2024 to 2029, the estimated growth in the gold jewelry market in the PRC is expected to be driven predominantly by Third-Tier Cities and other lower cities and Second-Tier Cities, with forecasted CAGRs of 7.7% and 7.6% respectively, benefiting from rapid urbanization, rising disposable incomes, and localized economic policies that support market development. Concurrently, First-Tier Cities are also expected to see solid growth, with a projected CAGR of 7.0%. The varied growth across the PRC's city tiers points to a gold jewelry market ripe with opportunities, especially in Third-Tier Cities and other lower cities and Second-Tier Cities, which are set to catalyze future market expansion.

Market Size of Gold Jewelry Market in the PRC, Breakdown by Cities, by Sales Revenue, 2019-2029E



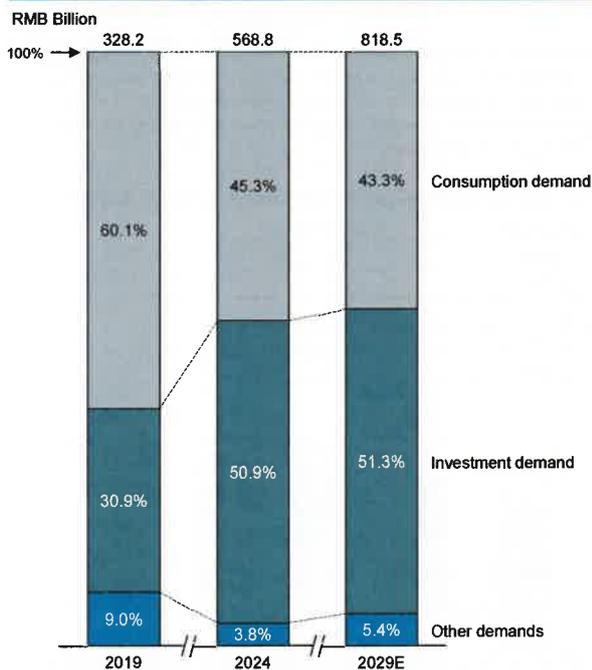
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Overview of Gold Jewelry Market

Demand Analysis

Demand Analysis of Gold Jewelry Market in the PRC, 2019-2029E



- In the gold jewelry market of the PRC from 2019 to 2024, an upward trend was evident in consumption demand, driven by many factors including rising disposable incomes and the increasing 'self-reward' trend among women. As the market grew to RMB568.8 billion, investment demand became the largest driver, rising to 50.9%, likely supported by escalating gold prices that enhanced gold's appeal as a hedge against inflation and economic uncertainty. Meanwhile, consumption demand decreased to 45.3%, despite the growing prominence of personal indulgence purchases.
- The projection for 2029 indicates that investment will continue to be the predominant demand segment, poised to account for 51.3% of the market. This trend is supported by the rising prices of gold, which reinforce gold's appeal as a secure investment, while overall increasing disposable incomes encourage further investment in gold assets. Consumption demand, while expected to decrease slightly to 43.3%, remains a significant portion of the market, reflecting ongoing consumer interest in gold for personal use and luxury purchases.
- The ongoing shift in consumer preferences, alongside economic growth, indicates that the PRC's gold jewelry market will continue to thrive, with both investment and consumption serving as dual main drivers. Increasing investment demand underscores gold's role as a hedge against economic uncertainty.

Source: Frost & Sullivan

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Overview of Gold Jewelry Market

Market Drivers

Market Drivers

Enhanced Purchasing Power

- Over the past few decades, China's economy has experienced significant growth, leading to increases in both disposable income per capita and overall living standards. According to National Bureau of Statistics, the annual disposable income per capita for Chinese residents has risen from RMB30.7 thousand in 2019 to RMB41.3 thousand in 2024, achieving a CAGR of 6.1%. With more disposable income, consumers have increased potential to spend on a variety of goods and services, including gold jewelry, which often holds cultural and sentimental value in addition to its investment appeal. This trend of growing financial capacity among consumers is expected to continue propelling the gold jewelry market forward.

Rising Younger Consumer Group

- Younger consumers in the PRC are increasingly embracing gold not solely as a conventional emblem of affluence and prestige, but also as a contemporary accessory that reflects their fashion sensibilities and individual styles. This evolution in perception is broadening the market's reach and prompting a diversification in the range of gold products available. Additionally, there's a discernible rise in 'self-rewarding' practices among female consumers, indicative of a broader societal transformation toward self-indulgence and personal reward. Gold jewelry, in this context, has become a favored choice for self-gifting, underscoring its growing popularity as a means of personal expression and satisfaction.

Increased Investment Appeal

- The rising investment appeal of gold jewelry in the PRC is closely tied to the upsurge in gold prices, a trend largely driven by mounting global economic uncertainties and escalating inflation. Investors are increasingly drawn to gold as it serves as a hedge against currency devaluation and offers a refuge during turbulent financial times. This sustained investor interest boosts demand, which in turn propels gold prices upward, solidifying its reputation as a strategic asset for capital preservation. Unlike other financial assets, gold holds a unique position by offering tangible value. In the context of China, where gold holds profound cultural significance, consumers are inclined to acquire gold jewelry not only for adornment but also for its enduring financial and cultural value, further embedding gold jewelry within both daily life and investment portfolios.

Cultural Significance of Gold Jewelry

- The cultural significance of gold jewelry in China significantly influences its market. Gold is deeply ingrained in Chinese tradition as a symbol of prosperity and good fortune, meanwhile, gold jewelry in China is deeply intertwined with the concept of "福" (FU), which represents good luck, and blessings, elevating it beyond mere decoration to a cherished aspect of familial heritage. This value is both financial and symbolic, resonating with themes of blessings and continuity that span generations. Gold's revered status becomes particularly prominent during significant life events such as weddings, major festivals, and celebrations, where it is customarily given as a token of "福" (FU) and cherished as a valuable gift. Beyond its traditional significance, gold jewelry also serves as a means of daily self-expression and personal adornment, enhancing individual style and confidence. This dual role underscores gold's enduring popularity and cultural relevance in China, driving demand and preserving its role in personal and family histories alike.

Source: Frost & Sullivan

Overview of Gold Jewelry Market

Future Trends

Future Trends

Diversification and Digitalization of Sales Channels

- The diversification and digitalization of sales channels in the PRC's gold jewelry market are transformative trends that are reshaping how consumers engage with and purchase jewelry. As digital platforms become increasingly central to consumer lifestyles, jewelers are expanding their presence online, leveraging e-commerce websites and social media platforms to reach a wider audience. These digital channels facilitate interactive and personalized shopping experiences, such as virtual try-ons and live streaming sales events, which not only enhance customer engagement but also boost sales. Simultaneously, traditional brick-and-mortar stores are integrating digital technologies to create a seamless online-to-offline (O2O) customer journey, catering to the varied preferences of different consumer segments, ensuring that both younger consumers and more traditional buyers find shopping for gold jewelry convenient and accessible.

Increased Industry Concentration

- Increased industry concentration in the gold jewelry market in the PRC reflects a trend where larger companies are expanding their dominance, which is largely driven by economies of scale, which allow these bigger entities to operate more efficiently, thus offering their products at competitive prices while maintaining high-profit margins. As they grow, these firms can invest substantially in branding and marketing, which enhances their visibility and appeal in the market. Additionally, larger companies often develop extensive retail networks and robust online platforms, further solidifying their market presence. This strategic expansion enables them to cover a broader customer base and respond more dynamically to market trends. The consolidation of market share among these larger companies is also supported by their capacity to invest in research and development, leading to innovations in product design and manufacturing processes that set industry standards and meet evolving consumer preferences.

Enhanced Craftsmanship and Design

- In the PRC's gold jewelry market, enhanced craftsmanship is emerging as a pivotal trend, propelled by technological advancements and growing consumer demand for high-quality, sophisticated designs. Brands are emphasizing artisanal skills, blending traditional goldsmithing techniques with modern aesthetics to preserve cultural heritage while infusing products with exclusivity. Moreover, the gold jewelry market in the PRC is undergoing a significant shift towards youth-oriented, fashion-forward designs, driven by the influence of younger consumers with distinct tastes. This demographic blends traditional values with contemporary fashion trends, creating a demand for designs that are both modern and stylish while retaining cultural significance.

Youth-Oriented and Fashion-Forward Product Designs

- The gold jewelry market in the PRC is experiencing a significant shift towards youth-oriented and fashion-forward product designs, driven by the growing influence of younger consumers with distinct tastes and preferences. This demographic tends to blend traditional values with contemporary fashion trends, leading to a demand for designs that are not only modern and stylish but also retain an element of cultural significance. Additionally, there is a push towards more casual and versatile jewelry that can be worn in everyday settings, moving away from the traditional view of gold jewelry as only suitable for formal occasions.

Source: Frost & Sullivan

Overview of Gold Jewelry Market

Market Opportunities and Challenges

Opportunities	Challenges
<p>Favorable Policies to Boost Consumption</p> <p>In July 2023, the Chinese government launched an ambitious set of policies known as the “20 measures to restore and expand consumption,” aimed at enhancing consumer confidence and revitalizing the retail market. These initiatives are designed to create a more dynamic retail environment, encouraging greater consumer engagement and spending across various sectors. By fostering a more robust economic atmosphere, these measures facilitate increased consumer activity, which is crucial for the recovery and growth of retail businesses. This strategic approach not only seeks to rejuvenate market interactions but also to inspire a renewed enthusiasm for shopping among the public, potentially leading to a sustained uplift in market transactions and a healthier, more vibrant economic landscape.</p> <p>Hedging Against Economic Uncertainty</p> <p>In times of global economic uncertainty and rising inflation, gold has historically served as a reliable hedge, helping investors preserve capital and mitigate risk. As economic conditions fluctuate and the purchasing power of currency may decline due to inflation, gold's inherent value tends to remain stable or even increase, making it an attractive option. Additionally, the intrinsic value of gold jewelry means that it can be liquidated easily if needed, which adds to its appeal during uncertain economic times.</p>	<p>Competition from Global Luxury Brands</p> <p>As international luxury brands continue to expand their presence in the Chinese market, local gold jewelry brands face stiff competition. These global brands often bring strong brand recognition, superior marketing capabilities, and established consumer loyalty, which can attract a significant share of the luxury spending by Chinese consumers. This increased competition can make local brands invest more to expand market share, especially in the high-end segment where brand prestige plays a critical role.</p> <p>Increasing Homogeneous Competition</p> <p>Increasing homogeneous competition within the gold jewelry market in the PRC poses significant challenges for brands trying to distinguish themselves in a crowded field. Many companies offer similar designs and prices, leading to consumer decision paralysis and diminished brand loyalty, as differentiating factors become less apparent. This intense competition often results in price wars, eroding profit margins and stifling innovation, as brands focus more on cost-cutting than on developing new designs or adopting new technologies. The lack of distinctiveness not only makes it difficult for brands to attract and retain customers but also hampers the overall dynamism and growth potential of the market.</p>

Source: Frost & Sullivan

Agenda

- 1 Overview of Macro Economy
- 2 Overview of Jewelry Market
- 3 Overview of Gold Jewelry Market
- 4 Overview of Diamond-set Jewelry Market
- 5 Competitive Landscape

Overview of Diamond-set Jewelry Market

Definition and Classification

Definition of Diamond Jewelry		
<ul style="list-style-type: none"> Diamond-set jewelry is jewelry (usually made from platinum and K gold) studded with diamonds. The price of diamond-set jewelry varies according to the 4Cs of diamond quality: color, carat, clarity, and cut. 		
Classification of Diamond Jewelry		
<ul style="list-style-type: none"> The diamond-set jewelry can be categorized into natural diamond jewelry and laboratory-grown diamond jewelry. Natural diamonds are created under the pressure of earth's crust over millions of years, then they are mined, cut and polished Laboratory-grown diamonds (also sometimes referred to as man-made or synthetic diamonds) refer to those that have been manufactured in a controlled laboratory environment by using the popular methods of Chemical Vapor Deposition (CVD) or High Pressure High Temperature (HPHT). 		
	Natural Diamond	Lab-grown Diamond
Chemical Composition	Carbon	Carbon
Refractive Index	2.42	2.42
Density	3.52g/cm ³	3.52g/cm ³
Hardness	90GPA	90GPA
Forming Location	Upper mantle	Laboratory
Typical Growth Morphology	Octahedron	HPHT: Cuboctahedron CVD: Cube

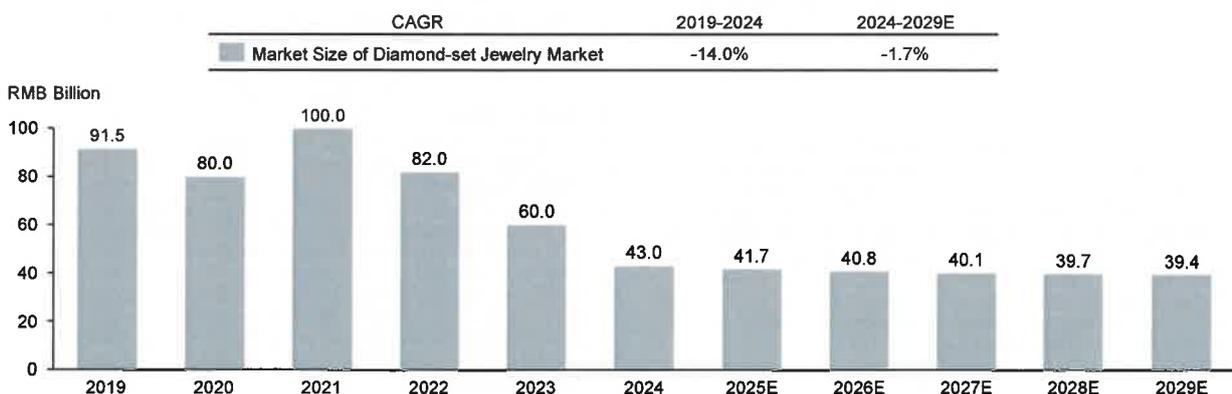
Source: Frost & Sullivan

Overview of Diamond-set Jewelry Market

Market Size of Diamond Jewelry Market in the PRC

The diamond-set jewelry market in the PRC experienced fluctuations between 2019 and 2024, culminating in an overall decline from approximately RMB91.5 billion in 2019 to RMB43.0 billion in 2024, corresponding to a CAGR of -14.0% due to shifting customer preferences. However, the rise of young consumer groups who pursue a quality life and desire to express their individuality, the increase in self-purchases among the young and the rise of "Her Economy" indicate a potential shift in market dynamics. Consequently, the downward trend is expected to moderate, reaching an estimated RMB39.4 billion by 2029.

Market Size of Diamond-set Jewelry Market in the PRC, by Sales Revenue, 2019-2029E



Source: Gems & Jewelry Trade Association of China, Frost & Sullivan

Overview of Diamond-set Jewelry Market

Market Trends

Future Trends

Diversified Consumption Scenarios

- The demand for diamond jewelry is undergoing a notable evolution, reflecting a broader range of consumer preferences. Traditionally, diamonds were primarily cherished as symbols of love, often gifted during engagements and weddings. However, as aesthetic sensibilities and living standards have advanced, the role of diamond jewelry has expanded significantly. Nowadays, diamonds are not just confined to special occasions but have seamlessly integrated into everyday life. They are now a popular choice for adding a touch of sophistication and confidence to both professional settings and casual outings. This shift towards a more varied consumption has invigorated the diamond jewelry market, opening up new avenues for growth and innovation.

Customization and Personalization

- The demand for unique and customized diamond jewelry is on the rise as consumers are looking for personalized options in the market. Standard designs no longer satisfy their tastes and preferences. To cater to this growing demand, diamond jewelry brands are launching customized services to meet the unique needs of consumers. This service allows customers to select their preferred diamond quality, size, shape, as well as metal materials and colors, based on their budget and taste. Hence, consumers' need can be satisfied to a large extent which will eventually propel the growth of the diamond jewelry market.

Technological Empowerment

- Technological progress has brought significant improvements to the diamond-set jewelry industry. It has optimized the production process and improved product quality. Moreover, these advancements have spurred innovation and evolution within the sector. For instance, the introduction of new processing technologies has revolutionized the design aspect of diamond-set jewelry, enabling the creation of pieces in diverse styles that cater to the unique preferences of consumers. This infusion of technology has not only expanded the range of choices available but has also heightened the overall customer experience.

Source: Frost & Sullivan

Overview of Diamond-set Jewelry Market

Market Opportunities and Challenges

Opportunities

Scarcity and Cultural Value

The rarity and unique characteristics of natural diamonds elevate diamond-set jewelry's perceived value, enhancing their allure. Natural diamonds are deeply embedded in cultural narratives as symbols of enduring love, commitment, strength, purity, and wealth, associated with eternal romance and significant life milestones such as engagements and weddings, and can be passed down through generations. This powerful cultural significance, combined with the inherent scarcity of natural diamonds, strengthens the emotional connection consumers have with diamond-set jewelry, ensuring demand for these timeless treasures.

Emerging Young Consumer Group

The millennials and Gen-Z have introduced innovative demands and paradigms into the evolution of the diamond-set jewelry industry, presenting a significant opportunity for firms to augment their competitive edge via brand differentiation. Contemporary consumers demonstrate a pronounced preference for unique and fashionable diamond-set jewelry offerings. To cater to this evolving consumer base, companies can emphasize the exclusivity and craftsmanship of diamond-set jewelry products through exceptional design, strong brand identity, and strategic cross-industry collaborations, thereby aligning with their preferences and expectations.

Challenges

Decreasing Diamond Price

The decrease in diamond prices has had a direct impact on corporate profits. While the lower cost may attract more consumers to purchase, it has also led to a reduction in profit margins for enterprises. This poses a significant challenge for companies that rely on high profits to sustain their operations. Moreover, the decline in prices has created market uncertainty, making it difficult for consumers and businesses to predict future price trends. This uncertainty may cause consumers to adopt a wait-and-see approach, resulting in reduced demand. Further, amid escalating external environmental uncertainties, there is a notable increase in consumer risk aversion, leading to a decreased propensity towards purchasing diamond jewelry.

Fierce Competition

The diamond jewelry industry in the PRC is transitioning into a mature phase, characterized by a deceleration in product demand growth and heightened competitive intensity. Leading brands have solidified their dominance in the marketplace through extensive distribution networks, robust brand recognition, and distinctive strategic approaches. This scenario places an increased emphasis on the necessity for businesses to focus on brand differentiation, leverage economies of scale, foster innovative design capabilities, and more. Additionally, the diamond category is highly susceptible to substitution, facing competition from alternative jewelry options such as gold and gemstones. The contraction in market demand further exacerbates the competitive landscape within the diamond jewelry industry.

Source: Frost & Sullivan

Agenda

1	Overview of Macro Economy
2	Overview of Jewelry Market
3	Overview of Gold Jewelry Market
4	Overview of Diamond Jewelry Market
5	Competitive Landscape

Competitive Landscape Ranking of Jewelry Companies

Ranking of Jewelry Brands in the PRC, by No. of Offline Stores in the PRC (2024)

Ranking	Company	Listing Status	No. of Offline Stores in the PRC ⁶
1	Company A ¹	Public	6,211
2	Company B ²	Public	5,823
3	Company C ³	Public	5,008
4	Company D ⁴	Public	4,235
5	The Company	Private	4,106 ⁵

Note:

- (1) It is a leading jewelry brand listed on the HKEx, primarily engaged in the sale of gem-set jewelry, platinum and karat gold products, gold items, and watches.
- (2) It is one of China's time-honored brands, listed on the Shanghai Stock Exchange. It is primarily involved in the jewelry and gold business, as well as stationery and art crafts.
- (3) It is a leading jewelry brand listed on the Shenzhen Stock Exchange. Diamond-set jewelry and gold jewelry are its major products.
- (4) It is a leading gold jewelry company listed on the Shanghai Stock Exchange, focusing on the sale of gold jewelry and the processing of gold bullion.
- (5) It includes only the brand "Zhou Liu Fu".
- (6) Each figure in the table above denotes the number of offline stores for one single brand of the corresponding company.

Source: Annual Reports, Frost & Sullivan

Competitive Landscape Ranking of Jewelry Companies

**Ranking of Jewelry Brands in the PRC, by No. of Offline Stores
in the Southern Area of the PRC¹ (2024)**

Ranking	Company	Listing Status	No. of Offline Stores in the Southern Area of the PRC ³
1	Company A	Public	3,247
2	Company D	Public	3,073
3	The Company	Private	2,633²
4	Company B	Public	2,416
5	Company C	Public	1,952

Note:

- (1) The southern area of the PRC includes southern Jiangsu (Suzhou, Wuxi, Changzhou, Zhenjiang, Nanjing, Nantong, Yangzhou, Taizhou, Yancheng, and Huaian), southern Anhui (Hefei, Lu'an, Chuzhou, Anqing, Wuhu, Ma'an shan, Tongling, Xuancheng, and Huangshan), Zhejiang, Shanghai, Hunan, Jiangxi, Fujian, Yunnan, Guizhou, Sichuan, Chongqing, Guangxi, Guangdong, and Hainan.
- (2) It includes only the brand "ZhouLiuFu".
- (3) Each figure in the table above denotes the number of off line stores in the southern area of the PRC for one single brand of the corresponding company.

Source: Annual Reports, Frost & Sullivan

Competitive Landscape Ranking of Jewelry Companies

**Ranking of Gold Jewelry Companies in the PRC,
by Market Share of Revenue from Gold Jewelry (2024)**

Ranking	Company	Listing Status	Market Share by Gold Jewelry Revenue ²
1	Company A	Public	13.3%
2	Company D	Public	10.5%
3	Company B	Public	9.1%
4	Company E ¹	Public	5.1%
5	Company F ²	Public	3.4%
		Subtotal	41.4%
10	The Company	Private	1.0%

Note:

- (1) It is a comprehensive group listed on the Shanghai Stock Exchange. It primarily operates in the sectors of jewelry and fashion, food and beverage, beauty and health, watches, and department stores.
- (2) It is a leading gold jewelry company which operates a full value chain, with a particular focus on high-purity gold jewelry products.
- (3) Each figure in the table above denotes the market share by gold jewelry revenue of the corresponding company.

Source: Annual Reports, Frost & Sullivan

Competitive Landscape Ranking of Jewelry Companies

Ranking of Gold Jewelry Companies in the PRC, by Market Share of GMV of Gold Jewelry (2024)

Ranking	Company	Listing Status	Market Share by GMV of Gold Jewelry ¹
1	Company A	Public	19.0%
2	Company D	Public	12.6%
3	Company B	Public	12.5%
4	Company C	Public	7.7%
5	Company E	Public	6.7%
		Subtotal	58.5%
6	The Company	Private	6.2%

Note:

(1) Each figure in the table above denotes the market share by GMV of gold jewelry of the corresponding company.

Source: Annual Reports, Frost & Sullivan

Competitive Landscape Ranking of Jewelry Companies

Ranking of Jewelry Brands in the PRC, by No. of Offline Franchise Stores in the PRC (2024)

Ranking	Company	Listing Status	No. of Offline Franchise Stores in the PRC ¹
1	Company B	Public	5,641
2	Company A	Public	4,764
3	Company C	Public	4,655
4	Company D	Public	4,140
5	The Company	Private	4,020 ¹

Note:

(1) It includes only the brand "Zhou Liu Fu".

(2) Each figure in the table above denotes the number of offline franchise stores for one single brand of the corresponding company.

Source: Annual Reports, Frost & Sullivan

Competitive Landscape Ranking of Jewelry Companies

Ranking of Jewelry Companies Mainly with the Franchise Model¹ in the PRC,
by Revenue of Jewelry (2024)

Ranking	Company	Listing Status	Market Share by Jewelry Revenue ²
1	Company A	Public	10.2%
2	Company B	Public	7.0%
3	Company E	Public	3.8%
4	Company F	Public	2.5%
5	Company C	Public	1.6%
		Subtotal	25.1%
6	The Company	Private	0.7%

Note:

- (1) The jewelry companies listed in the table mainly employ the franchise model, with franchise revenue comprising over 50% of their total revenue for the year ended December 31, 2024.
- (2) Each figure in the table above denotes the market share by jewelry revenue of the corresponding company.

Source: Annual Reports, Frost & Sullivan

Competitive Landscape Ranking of Jewelry Companies

Ranking of Jewelry Companies Mainly with the Franchise Model¹ in the PRC,
by GMV of Jewelry (2024)

Ranking	Company	Listing Status	Market Share by GMV of Jewelry ²
1	Company A	Public	16.3%
2	Company B	Public	10.2%
3	Company C	Public	7.1%
4	Company E	Public	5.4%
5	The Company	Private	5.0%

Note:

- (1) The jewelry companies listed in the table mainly employ the franchise model, with franchise revenue comprising over 50% of their total revenue for the year ended December 31, 2024.
- (2) Each figure in the table above denotes the market share by GMV of jewelry of the corresponding company.

Source: Annual Reports, Frost & Sullivan

Competitive Landscape

Entry Barriers

Entry Barriers

Brand Barrier

- Brand loyalty in the gold jewelry industry is important, with customers often favoring established brands they perceive as reliable and high-quality. Developing a strong brand in this sector requires substantial investments in marketing, customer service, and the consistent delivery of high-quality products. Smaller-scale companies and new entrants must invest significantly to build trust and recognition in a market where heritage and reputation heavily influence consumer choices. Achieving this involves not only meeting but exceeding industry standards and implementing innovative strategies to engage customers and differentiate from established competitors, a process that can be both costly and time-intensive.

Channel Barrier

- Successful entry into the gold jewelry industry heavily relies on the ability to establish a comprehensive distribution channel that spans various retailers, wholesalers, and online platforms. Established brands benefit from years of network optimization, leveraging long-standing partnerships with retailers and wholesalers to secure favorable terms and strategic shelf space. Creating such a network is not only a resource-intensive endeavor that demands significant financial investment but also requires time and strategic effort to build robust relationships and reliable partnerships across the distribution chain, making it difficult for new entrants to compete against established brands with optimized and efficient distribution networks.

Supply Chain Barrier

- The gold jewelry industry is characterized by a complex supply chain that poses significant barriers to entry for new entrants. Established brands have well-integrated supply chains, allowing them to secure high-quality materials at competitive prices through long-standing supplier relationships and strategic procurement strategies. They maintain optimized production processes and have built strong partnerships with reliable manufacturers, ensuring consistent quality, efficiency, and timely production. Additionally, they benefit from extensive distribution networks across retailers, wholesalers, and online platforms, giving them preferential access to prime retail spaces.

Operational Capability Barrier

- Operational management encompasses various aspects, including supply chain management, risk management, manufacturing excellence, design innovation, and distribution. Established gold jewelry companies possess deeply integrated and efficient supply chains, allowing them to secure high-quality materials at competitive prices and optimize production costs, even employ procurement strategies including hedging against gold price fluctuations through futures contracts or strategic stockpiling, enabling them to maintain stable production costs and manage financial risks effectively. Furthermore, navigating intricate regulatory requirements further adds to the challenges for new entrants. Coupled with effective marketing strategies and strong brand value, operational strengths create significant barriers for new entrants, who often struggle to match these capabilities due to the high investment and experience required.

Source: Frost & Sullivan

Competitive Landscape

Competitive Advantages of the Company

Extensive Distribution Network

- The company's strategic presence is marked by a broad distribution network that extends across the PRC's primary markets. By establishing retail points across a variety of geographical locations, the company capitalizes on a diverse consumer base. By penetrating various market segments, from bustling metropolitan areas to rising second-tier cities, especially the southern region in the PRC, the company ensures its products are widely accessible, enhancing visibility and reinforcing market presence.

Mature E-commerce Platform Operations

- E-commerce is not just an add-on for the company; it's a core component of its retail strategy. With years of experience in online sales, the company has honed its expertise in digital operations, from logistics and customer service to digital marketing and data analytics. This maturity in e-commerce allows for a sophisticated consumer experience online, aligning with the convenience that modern shoppers demand, and provides insights into consumer behavior that can be leveraged for targeted marketing and product development.

Robust Supply Chain Management

- The ability to manage the supply chain effectively gives the company a notable edge in both cost control and operational efficiency. This capability is particularly critical in an industry like gold jewelry, where the raw material costs can be volatile and the need for timely delivery of diverse product lines is paramount. The company's supply chain agility ensures that it can respond quickly to shifts in market demand, maintain the quality of its products, and manage costs without sacrificing speed or service.

Attractive Product Design

- The company prioritizes exceptional craftsmanship and innovative design across its product range, aiming to deliver jewelry that not only makes a bold style statement but also upholds the elegance and sophistication expected by gold jewelry enthusiasts. By continuously introducing fresh, novel designs that blend modern aesthetics with cultural relevance, the company successfully attracts a broad consumer base. These consumers are drawn to unique and stylish jewelry pieces that reflect their personal style and align with contemporary values, positioning the Company as a brand for distinctive and refined gold jewelry.

Source: Frost & Sullivan

Agenda

1	Overview of Macro Economy
2	Overview of Jewelry Market
3	Overview of Gold Jewelry Market
4	Overview of Diamond Jewelry Market
5	Competitive Landscape
6	Appendix

Appendix

- It is common for gold jewelry products to have homogenization among gold jewelry companies.

Comparison of gold jewelry products

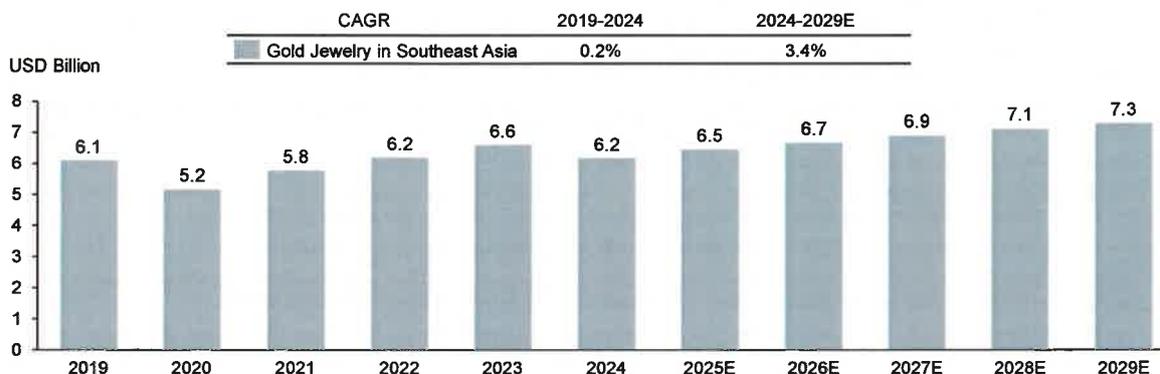


- Intellectual property is crucial to jewelry brands and jewelry industry. However, litigation related to intellectual property, especially trademarks, is a common issue in the industry.

Appendix

- The gold jewelry market in Southeast Asia increased from USD6.1 billion in 2019 to USD6.2 billion in 2024, achieving a CAGR of 0.2% which attributed to rising disposable incomes, an expanding middle class, and increasing consumer preferences for jewelry. Looking ahead, the market is projected to continue its upward trajectory, reaching an estimated USD7.3 billion by 2029. From 2024 to 2029, the market is expected to grow at a CAGR of 3.4%, spurred by further increases in purchasing power and sustained economic development in Southeast Asia.

Market Size of Gold Jewelry Market in Southeast Asia, by Sales Revenue, 2019-2029E

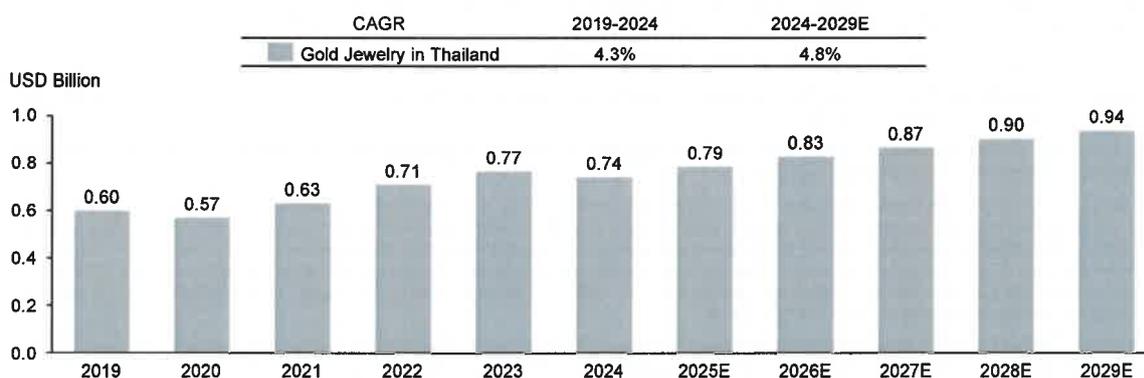


Source: Frost & Sullivan

Appendix

- The gold jewelry market in Thailand experienced stable growth, underpinned by the country's enduring cultural affinity for gold, which remains the most favored material for jewelry. The gold jewelry market in Thailand increased from USD0.60 billion in 2019 to USD0.74 billion in 2024 with a CAGR of 4.3%. Driven by the increasing purchasing power, the gold jewelry market in Thailand is estimated to amount to USD0.94 billion in 2029 with a CAGR of 4.8% from 2024 to 2029.

Market Size of Gold Jewelry Market in Thailand, by Sales Revenue, 2019-2029E



Source: Frost & Sullivan

Appendix

- As the jewelry industry continues to integrate its supply chains and as consumer awareness towards branded products strengthens.
- The suppliers of the Company are primarily concentrated in Shuibei, Luohu District, Shenzhen, a central hub for jewelry production and wholesale activities in China.
- The Company is a leading and fast growing jewelry company in China. Leveraging the comprehensive network of offline stores and online sales channels, the Company provide end consumers with a diverse portfolio of high-quality jewelry products.
- There is a significant demand for value-for-money gold jewelry in the mass and lower-tier markets, which was previously not effectively satisfied.
- The Company is the fastest among Chinese jewelry brands to reach the milestone of 4,000 stores from the time of inception.
- South China has led the nation in gold jewelry consumption per capita and has maintained a highly mature commercial operating environment.
- Shuibei, Luohu District, Shenzhen, is a core hub for China's jewelry industry.
- The Company is a leading jewelry company in China.
- From 2021 to 2023, the total revenue growth achieved a CAGR of 36.0%, and online sales revenue growth achieved a CAGR of 53.7%, both of which not only ranked first among jewelry companies with nationwide operations in China, but also significantly exceeded the industry averages of 13.8% and 18.9%, respectively, during the same period.
- As of June 30, 2024, the average age of our Directors, Supervisors and senior management was approximately 43.5 years old, making us the youngest among gold jewelry companies with nationwide operations in China.
- The engagement of franchisees is an industry norm with the jewelry industry.
- The Shanghai Gold Exchange is the largest gold exchange in China and is directly regulated by the PRC government, and the gold procurement from the Shanghai Gold Exchange is consistent with the industry norm in the gold jewelry industry in China.
- Only members of the Shanghai Gold Exchange are allowed to trade directly on the Shanghai Gold Exchange.
- Sourcing raw material through trade-in practice is common among jewelry brands in China, and there are other industry peers that have adopted similar trade-in practices with end consumers at self-operated stores, which are comparable to the practice.
- There is a mature and standardized jewelry manufacturing industry in China, particularly in the Pearl River Delta region, which boasts a robust jewelry manufacturing industry ecosystem with numerous factories specialized in outsourced production and consequently relatively low added value and profit margins of the manufacturing process within the jewelry industry.

Source: Frost & Sullivan

Appendix

- The employment of outsourced production is in line with the market practice in jewelry industry.
- Sole proprietorships and small and medium-sized corporate entities may fail to open business bank accounts as banks generally assess their creditworthiness and business operation through complex procedures, and they are not as competitive as large corporate entities.
- The product return policies for both self-operated e-commerce stores and sales to e-commerce platforms are in line with industry practice.
- The product return policy is in line with industry practice.
- High brand awareness typically translate to consumers' confidence in product quality and related services, especially for the gold jewelry brands. Strong brand images, developed through long-term investment and constituting a high entry barrier, generally represent recognition from end consumers, and will in turn attract more end consumers.
- Brand loyalty in the gold jewelry industry is a key factor, with end consumers often favoring established brands they perceive as reliable and of high-quality. Developing a strong brand in this industry requires substantial investment in marketing, customer service, and the consistent delivery of high-quality products.
- The company's franchising model and main commercial terms such as franchisee procurement policy, product return policy and credit policy are in line with the industry norms.
- As of December 31, 2023, over 50% of total stores of the Company were located in shopping malls and department stores.
- In terms of number of stores in China, the Company has consistently ranked among the five largest brands in the Chinese jewelry market for seven consecutive years from 2017 to 2024.
- The increasing purchasing power in China's lower-tier cities, coupled with a rising consumer demand for gold as an investment are driving continuous growth of the Chinese jewelry industry.
- For diamond-set jewelry with larger carat sizes, the cost of diamond raw materials is the key factor in determining pricing, as the weight of the stone more heavily impacts the overall value of the jewelry product. Key factors impacting the diamond stone raw material cost may include the global diamond supply condition, mining production levels and general market perception regarding luxury good consumption. However, compared to gold price, diamond price typically does not have a universally recognized benchmark or market standard. Diamond price varies significantly due to a variety of actors, including (i) the so-called 4C standard (cut, color, clarity and carat), and (ii) brand name and prestige (well-known luxury brands could command higher prices).
- In terms of GMV and revenue generated from gold jewelry products for the year ended December 31, 2024, we ranked sixth and tenth among all gold jewelry companies in China, respectively, with a market share of 6.2% and 1.0%, respectively.

Source: Frost & Sullivan

Appendix

- The brand is widely recognized and enjoys strong consumer loyalty.
- In the early phase of our development, the Company strategically positioned ourselves in Third-Tier Cities and other lower tier cities as well as suburban areas of First-Tier and Second-Tier Cities, effectively establishing a broad store network to capitalize on the industry trend.
- The Company provides franchisees with access to upstream supplier resources, offering them the flexibility to make procurement decisions. This approach encourages franchisees to adapt to local market conditions and combine their own needs with local consumer preferences.
- Procurement by franchisees from authorized suppliers fosters healthy competition among authorized suppliers while reducing the intermediary transactional costs typically found in traditional supply chains, thus enhancing the efficiency of order fulfillment.
- By directly interacting with franchisees, authorized suppliers are able to more accurately and timely meet diverse product needs and gain an understanding of market trends.
- Through diversified online sales channels, we not only enhance interaction with end consumers but also increase brand recognition in the jewelry market, thereby gaining broader sales opportunities.
- The brand is in the phase of ongoing development and upgrading, with increasing market influence.
- This reflects the recognition of our brand by prestigious shopping malls and indicates our potential for growth in these shopping malls.
- These recognitions reflect efforts in quality management and help strengthen consumer and market trust in the brand.
- The Company has extensive experience in the South China market.
- The Company synergizes the brand strengths with their local resources, allowing us to quickly expand our brand presence, seize strategic channel opportunities and enhance market penetration.
- The Company has established a contemporary store image that resonates with the fashion trend of the young generations, improves brand recognition and promotes consumer experience.
- Typically opened in department stores or high-end shopping malls, self-operated stores play a crucial role in cultivating brand image, enhancing brand recognition and fostering synergy within the sales network.
- Self-operated stores of the Company are typically located in core commercial areas such as department stores or high-end shopping malls.

Source: Frost & Sullivan

Appendix

- These areas not only support significant geographical advantages and high foot traffic but also align with our objective to uphold and showcase the high standards of our brand, thereby enhancing our brand image and expanding our market share.
- This strategic placement in prominent shopping environments ensures maximal visibility and accessibility to a broad consumer base, reinforcing self-operated store's role as benchmarks within the retail network.
- The inherent variability in sales is related to these events.
- The adoption of authorized supplier model is in line with industry practice.
- The authorized suppliers are diverse and rigorously, ensuring both availability of choice and consistent product quality for our franchisees.
- The strength of the brand is underpinned in part by its reputation for providing high-quality value-for-money jewelry with various product designs that cater to a wide range of end consumers, complemented by consistent customer service across all of the sales network.
- The online sales operations have achieved a leading position across multiple e-commerce platforms.
- Over two decades of development, the Company has strengthened our product quality and brand value and has earned consumer trust and loyalty as well as industry recognition.
- With over two decades of experience in the Chinese jewelry industry, the Company has a deep understanding of the industry's dynamics and has maintained a strong position in a competitive market.
- The Company had 289 stores opened in Wanda Plazas and 33 stores opened in China Resources Mixc malls as of December 31, 2024.
- The sale of jewelry products with applicable discount to connected persons is on normal commercial terms and is generally in line with the prevailing market practice in the jewelry industry.
- In 2021, 2022 and 2023, the average gold procurement price was RMB332.0/g, RMB347.6/g and RMB401.0/g, exclusive of value-added tax, which was generally in line with the market prevailing prices.
- Revenue from sales of diamond-set jewelry and others on online sales channels increased from RMB155.7 million in 2021 to RMB163.2 million in 2022 and further increased to RMB189.9 million in 2023, primarily attributable to the increase in sales of other jewelry products, such as pearl jewelry (jewelry with settings of gold) in response to the increasing market demand through online sales channels, despite a decrease of sales of diamond-set jewelry products through these online sales channels during the same periods.
- CAGR refers to compound annual growth rate.
- Au9999 refers to gold with 99.99% fineness.

Source: Frost & Sullivan

Appendix

- Gen Z" and "millennials" refers to people who were born between 1981 and 2012.
- "K" is a fractional measure of purity for gold alloys, in parts fine per 24 parts whole. Under the K measurement, the higher the K value, the higher the purity of gold, with 1K representing a purity level of 4.167% and 24K representing a theoretical purity level of 100%.
- First-Tier Cities refer to Beijing, Shanghai, Guangzhou and Shenzhen.
- Second-Tier Cities refer to Chengdu, Chongqing, Hangzhou, Wuhan, Suzhou, Xi'an, Nanjing, Changsha, Tianjin, Zhengzhou, Dongguan, Qingdao, Kunming, Ningbo and Hefei, Foshan, Shenyang, Wuxi, Jinan, Xiamen, Fuzhou, Wenzhou, Harbin, Shijiazhuang, Dalian, Nanning, Quanzhou, Jinhua, Guiyang, Changzhou, Changchun, Nanchang, Nantong, Jiaxing, Xuzhou, Huizhou, Taiyuan, Taizhou, Shaoxing, Baoding, Zhongshan, Weifang, Linyi, Zhuhai, Yantai.
- Third-Tier Cities refer to Lanzhou, Haikou, Huzhou, Yangzhou, Luoyang, Shantou, Yancheng, Ganzhou, Tangshan, Urumqi, Jining, Zhenjiang, Langfang, Xianyang, Taizhou, Wuhu, Handan, Jieyang, Nanyang, Hohhot, Fuyang, Jiangmen, Yinchuan, Zunyi, Huai'an, Zhangzhou, Guilin, Zibo, Xixiang, Lianyungang, Cangzhou, Mianyang, Hengyang, Shangqiu, Heze, Xinyang, Xiangyang, Chuzhou, Shangrao, Jiujiang, Yichang, Putian, Zhanjiang, Liuzhou, Anqing, Suqian, Zhaoqing, Zhoukou, Xingtai, Jingzhou, Sanya, Yueyang, Bengbu, Zhumadian, Tai'an, Chaozhou, Zhuzhou, Weihai, Lu'an, Changde, Anyang, Suzhou, Huanggang, Dezhou, Ningde, Liaocheng, Yichun, Weinan, Qingyuan, Nanchong.
- Pure gold refers to fine gold with gold content of 99.0% or above, according to the PRC National Standard No. GB11887.
- Driven by a deep understanding of market trends and consumer needs, the Company develops robust product design and development capabilities and launched widely popular products.
- Many of franchisees are affiliated with each other through familial, friendship or other relationships, resulting in multiple franchisees being under common control. This structure, which refer to as a "Franchisee Group", allows for more cohesive and efficient operational management for franchisees, promoting a collaborative environment where best business practices and resources can be easily shared among franchisees, thus enhancing the overall performance and stability of franchise network.
- As of December 31, 2023, over 50% of the new franchise stores opened in 2023 were established by existing Franchise Groups, which not only underscore franchisees' strong confidence in our business model and profitability but also reflect their recognition of the long-term value of the brand.
- Although the Company enters into franchise agreements with franchisees instead of their Franchise Groups, the Franchisee Group structure allows us to manage franchisees more efficiently. By dealing with a group of affiliated franchisees in the same Franchise Group, the Company is able to enhance the efficiency of communication and oversight, ensuring that best business practices and resources are shared promptly among the members of the Franchisee Group. This collaborative environment enhances the overall performance and stability of franchise network.

Source: Frost & Sullivan

Appendix

- The price of products sold in self-operated stores and self-operated e-commerce stores also reflects: (a) the market positioning of the brand, and (b) the purchasing power of our target end consumers. In addition, the price of products is affected by market competition.
- This approach not only rewards Franchisee Groups for their loyalty but also capitalizes on the proven operational efficiencies and stability that come with established Franchisee Groups.
- A new store typically needs a large amount of initial jewelry product procurement for store display and inventory purposes to successfully commence operations, which amount is relatively stable; on the other hand, existing franchise stores typically make regular and smaller amount of purchases to replenish inventories.
- The Company benefits from the extensive experience of the authorized suppliers in the gold and jewelry industry and their strong design, procurement and production capabilities.
- In return, the cooperation with authorized suppliers not only provides them with access to a substantial customer base of franchisees but also allows them to share in the benefits derived from the growth in number and quality of franchise stores.
- The Company collaborates with outsourced producers to design and develop jewelry products that are with industry leading designs or specialized techniques.
- The arrangement with the third-party logistics service providers allow the Company to respond to customers and end consumers in a fast and efficient method, reduce the risk of encountering traffic accidents, delivery delay or loss.
- Conversely products with special designs and more complex craftsmanship are typically preferred by consumers who seek an in-person shopping experience to evaluate quality and details before purchase. The complexity of crafting allows for higher gross margins.
- However, compared to gold price, diamond price typically does not have a universally recognized benchmark or market standard, allowing for greater latitude in determining margins for diamond-set jewelry.
- The consumer demand for gold products is strong in 2023.
- The price of products sold in self-operated stores and self-operated e-commerce stores also reflects: (a) the market positioning of brands, and (b) the purchasing power of target end consumers. In addition, the price of products is affected by market competition.
- Compared to offline channels, products offered on the online sales channels primarily comprise relatively lower retailing price than those sold in offline stores, trendy design, mass-market products which intend to attract wider customer groups and align with the shopping habits of online end consumers.
- A modest difference between gold prices in the offline and online markets is in line with the market practice.

Source: Frost & Sullivan

Appendix

- Diamond price varies significantly due to 4C standard (cut, color, clarify and carat), and the pricing is more market driven, allowing jewelry companies greater latitude in determining margins for diamond-set jewelry. The profitability of diamond-set jewelry is a function of several factors, including the cost of diamond raw materials, crafting fees and the prices of other auxiliary materials. The absence of a market-wide pricing standard for diamonds allows jewelry companies greater flexibility in price determination and, consequently, enjoy elevated gross profit margins on these products.
- Products with special designs and more complex craftsmanship are typically preferred by consumers who seek an in-person shopping experience to evaluate quality and details before purchase.
- the increase in the
- The price of gold increased between the six months ended June 30, 2024 and the six months ended June 30, 2023.
- Market demand for diamond-set jewelry decreased between the six months ended June 30, 2024 and the six months ended June 30, 2023.
- Consumer demand for gold jewelry in the first quarter of 2024 increased, making a traditional peak season of the year for gold jewelry products. Meanwhile, the gold prices increased during this period.
- The revenue from sale of diamond-set jewelry and others through our online sales channels increased between the six months ended June 30, 2023 and the six months ended June 30, 2024, primarily due to the increased sales of other jewelry categories, including pearl jewelry (jewelry with settings of gold) and jewelry with setting of gemstone, which are more aligned with the preferences of online consumers.
- The sale of gold jewelry products to franchisees of the Company is characterized by high turnover, high unit prices and low profit margins.
- It is not uncommon for leading jewelry companies in China to have a significant portion of revenue contributed by franchise model. Among the ten largest jewelry companies in China in terms of GMV in 2024, six companies had franchise model contributing to over 50% of their respective total revenue in 2024.
- The gold jewelry market in third-tier and below cities experienced the pronounced growth, increasing from RMB121.3 billion in 2018 to RMB219.2 billion in 2023 with the highest CAGR of 12.6% due to rapid urbanization, rising disposable incomes, and localized economic policies that support market development. The gold jewelry market in third-tier and below cities is expected to reach RMB341.8 billion in 2028 with a CAGR of 9.3% from 2023 to 2028.
- The online product offerings are selected to cater to the unique preferences and purchasing behaviors of online end consumers. These products typically feature relatively lower price, simpler designs, and a more mass-market appeal compared to the products available in the offline stores.

Source: Frost & Sullivan

Appendix

- FENS is a lightweight fine jewelry brand that focuses on creating jewelry for everyday wear.
- Leveraging the inventory reserves of authorized suppliers, the Company is able to respond more effectively to market trends and consumer preferences while reducing the need for ourselves to maintain extensive inventory levels across all product categories.
- It also helps the Company reduce costs associated with production, storage and logistics and optimize our resource allocation and enhance our overall operational efficiency.
- The authorized supplier model allows a wider range of jewelry product offerings to franchisees by leveraging the product portfolio of our authorized suppliers. This allows our franchisees, who usually possess a deep understanding of their respective regional markets, greater flexibility to select products that are most likely to appeal to local consumers, thereby better catering to market demands.
- These platforms are typically prominent e-commerce operators with sophisticated data analytics capabilities and deep consumer insights, which generally allows them to accurately forecast consumer demand and make informed procurement decisions and maintain efficient inventory levels.
- The Company is an established and fast growing jewelry company in China.
- South China refers to the region of China comprising Guangdong and Hainan provinces and Guangxi Zhuang Autonomous Region.
- The authorized supplier model is in line with the industry norm as major jewelry companies adopt the same authorized supplier model in their ordinary course of business operation as well.
- The supply chain management fees for gold jewelry charged by the Group, both in terms of average and range, are in line with the industry norms, primarily benchmarked against the peer Chow Tai Seng, which follows the same business model.
- Products offered on the online sales channels comprising relatively lowered-priced, simpler design, mass-market products that align with the shopping habits of online end consumers.
- Compared to gold price, diamond price typically does not have a universally recognized benchmark or market standard, allowing for greater latitude in determining margins for diamond-set jewelry.
- The pricing of gold jewelry is generally anchored to a benchmark price.
- The average annual spot price for AU9999 gold including value-added tax (VAT) from RMB392.2/g in 2022 to RMB449.9/g in 2023.

Source: Frost & Sullivan

Appendix

- In practice, the gold prices set by the Company in its self-operated stores and online sales channels are generally in line with the respective market prices.
- The continuous rise in gold price, which boosted consumers' willingness to purchase gold products, mainly as gold jewelry products not only have consumption values, but are also considered by many consumers as having investment values.
- Multiple franchisees under common control of one or multiple actual controllers as Franchisee Group model, are in line with jewelry industry practice.
- The Company is a highly recognized brand with nationwide sales network.
- Newly opened franchise stores have higher average revenue is aligned with industry norms and practices.
- The Group's authorized supplier model is in line with the industry norm.
- Pricing gold jewelry at fixed price is a common practice in the jewelry market. The fixed-price model is typically applied to signature products, products featuring special craftsmanship techniques or products with cross-sector collaborations with popular IPs.
- The revenue of the Company from sales of gold jewelry through its online sales channels increased from RMB697.5 million in the six months ended June 30, 2023 to RM1.104.1million in the six months ended June 30,2024, primarily due to (i) the refinement of product portfolio, with a greater emphasis on products featuring simpler designs and gold bars cater to the preferences of online consumers, (ii) its ongoing development of and its market positioning across several major e-commerce platforms and (iii) the growing market size of the gold jewelry in online channels.
- The Company offers a diverse portfolio of high-quality products.
- The Group's revenue growth rate from 2021 to 2022 was largely consistent with that of the comparable peers. The Group's revenue growth was higher than the average growth rate of industry peers from 2022 to 2023.
- Within the jewelry industry, it was customary for franchisees to make substantial initial purchases when opening new stores, a process referred to as initial inventory stocking. This entailed a significant one-time procurement of products from the Group to adequately stock the new store. In contrast, during subsequent periods, franchisees typically made smaller, more frequent routine purchases based on their actual sales needs. The expenditure for initial inventory stocking was generally much higher than that for routine replenishment. This pattern was aligned with industry norms and practices. The Company has confirmed the same with Frost & Sullivan, the industry consultant engaged by the Company for the Proposed Listing.

Source: Frost & Sullivan

Appendix

- The revenue contribution from newly opened franchise stores are typically more substantial compared to the ongoing restocking requirements of existing stores. As the Company only considered a half-year period, the initial stocking purchases of newly opened stores had a more pronounced impact on their average revenue contribution relative to existing stores. For instance, a newly opened store's initial inventory stocking requirement would remain relatively constant regardless of the time period considered. In contrast, an existing store's purchases are typically spread out more evenly over the course of a full year. Consequently, the ratio of average revenue from newly opened stores to existing stores would be higher for the half-year period compared to the annual ratio, even if the underlying purchasing patterns remain consistent.
- In the first half of 2024, there was a significant increase in gold prices.
- A separate supplier networks between online and offline channels can offer distinct product portfolio among the two channels, minimizing the risk of cannibalization between online and offline sales.
- A common feature of consignment arrangements is that the consignor do not retain the right to reclaim the products at any time.
- To gather adequate data, Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant to the Company (the "Industry Consultant"), engaged well-regarded industry experts under confidentiality agreements, which prohibit public disclosure of any substantive information discussed, including the identities of the industry participants involved in the discussion.
- The growth rate in terms of number of franchise stores during the Track Record Period is in line with industry trends.
- In practice, the gold prices set by the Company in its self-operated stores and online sales channels are generally in line with the respective market prices and represent reasonable margins the Company generates from the respective retail businesses.

Source: Frost & Sullivan

Appendix

- As of June 30, 2024, approximately 50% of our total stores were located in shopping malls and department stores.
- For diamond-set jewelry and others, except for the pure silver jewelry products, the fee is a pre-determined percentage of the jewelry's cost, ranging from 1% to 10%. For gold jewelry and pure silver jewelry products, the fee is based on a pre-determined price per gram, ranging from RMB0.1 to RMB4 per gram. According to Frost & Sullivan, the range of our fees is in line with industry norm.
- The Credit Guangdong website is an official platform hosted by the Development and Reform Commission of Guangdong Province that serves as a unified portal for the public release of credit information in Guangdong Province.
- Since the second half of 2022, in response to the increasing market demand for gold jewelry, as well as jewelry with settings of gold, the Company agreed to provide certain of franchise stores with such jewelry products for display based on the communication with the franchise stores and understanding of their operations and needs.
- The Company generally choose shopping malls in First-Tier Cities and Second-Tier Cities with strong consumption potential.
- The charge of product admission fee by the jewelry companies from their franchisees is not uncommon in the jewelry industry in the PRC, whereas the level of such fee charged varies depending on the brand name, business strategies and business relationship with their franchisees of the jewelry companies
- Pricing gold jewelry at fixed price is a common practice in the jewelry market.
- The company invites established franchisees from mature markets to explore and assess the potential of relatively underdeveloped regions, such as East China and North China, where the Company currently has a lower market share in terms of the number of offline stores compared to its well-established presence in South China.
- According to Frost & Sullivan, this approach is not uncommon in the jewelry industry in China; for instance, certain industry leaders, such as China National Gold Group, Lao Feng Xiang, Yuyuan Group, Chow Tai Seng, and Cuihua, also do not possess complete and precise operational data from their franchise stores.
- With the continuous development of China's economy, there was substantial demand in the mass market for jewelry consumption. This included widespread use in weddings, fashionable daily wear, gift-giving during festive celebrations and for investment.
- Gold jewelry and diamond-set jewelry are two of major products in the jewelry market.

Source: Frost & Sullivan

Appendix

- The Company's strategic positioning contributes to advancement and innovation within the industry.
- Guangdong provides the Company with a substantial upstream supply chain cluster, which ensures an astable and efficient supply of product.
- The Company has successful experiences in South China.
- Therefore, it is common for sole proprietorships or small and medium-sized corporate entities in the jewelry industry in China not to have readily available business bank accounts for payment settlement purpose. As a result, they tend to opt for any payment methods that are readily accessible to them for payment settlement, including using the Third-Party Payment Arrangements.
- It is a common practice for franchisees to settle payments through third-party payors in the jewelry industry in China. Third-Party Payment Arrangements allow the Relevant Franchisees to settle payments in a timely manner, which is conducive to the transaction efficiency.
- Peer companies such as Chow Tai Fook, Lao Feng Xiang and Chow Tai Seng exhibited a relatively slower overall revenue growth rate compared to the Company, as they were mature gold jewelry brands with well-established national operations. Since they had already secured a large share of the market, their opportunities for further expansion were relatively more limited by their current market position and size of their existing operations. In particular, Chow Tai Fook and Lao Feng Xiang were among the top five gold jewelry companies in terms of revenue, and, as a result, due to their larger revenue bases, incremental revenue increase represents a smaller proportion of their overall revenue compared to companies with smaller revenue base numbers such as the Company, which can contribute to differences in percentage growth rates.
- In addition, since 2021, the diamond jewelry market has experienced a fluctuating downward trend while the gold jewelry market has been on an upward trajectory. The market size of gold jewelry in China grew at a CAGR of 13.8% from RMB400 billion in 2021 to RMB518 billion in 2023 while the market size of diamond-set jewelry in China exhibited a CAGR of negative 22.5 % from RMB100 billion in 2021 to RMB 60 billion in 2023. In line with the gold jewelry market growth, the Company also has expanded and strengthened its gold jewelry product sales since 2021. Chow Tai Seng, one of the major competitors, also increased its investment in gold jewelry products, developing a comprehensive gold jewelry product portfolio, which led to an increase in its gold jewelry revenue at a CAGR of 57.0% from 2021 to 2023.
- It is customary for franchisees to make substantial initial purchases when opening new stores.
- The evolving aesthetics and shopping habits of young consumers are playing an increasingly crucial role in the development of the jewelry industry.
- China's jewelry industry is becoming increasingly concentrated.

Source: Frost & Sullivan

Appendix

- A new store typically needs a large amount of jewelry product procurement for store display and inventory purposes to successfully commence operations, which amount is essential to ensure that the store has an adequate assortment of products to display to potential customers and fulfill initial sales, and therefore, the amount of initial stocking are largely not influenced by factors such as market conditions or seasonality, on the other hand, existing franchise stores typically make regular and smaller amount of purchases to replenish inventories, whose needs are much more sensitive to market demands compared to new stores.
- In practice, the retail gold prices set by the Company in self-operated stores and online sales channels are generally in line with the respective market prices and represent reasonable margins the Company generates from the respective retail businesses. The net prices of gold products sold in self-operated stores and online sales channels may vary, primarily because those two channels have the different seasonal promotions and different target consumers who show up with shopping habits.
- In terms of revenue generated from gold jewelry products for the year ended December 31, 2024, the Company ranked ninth among all gold jewelry companies in China.
- Prefecture-level cities: for the purpose of this prospectus and for geographical reference only the "prefecture-level cities" in China include prefecture-level cities, autonomous prefectures, prefectures and leagues in China.
- It is not uncommon that a jewelry business operator franchises multiple brands in the jewelry industry.
- In particular, price of gold has been in an uptrend over the Track Record Period.
- Franchise model has been an important driver of our business, which helps us achieve robust growth and a strong market presence and delivers win-win situation for jewelry companies and franchisees. The advantages include: (i) providing an asset-lite and cost-effective way to expand business and allocate resources more efficiently to other critical business aspects, such as franchise support, products development, supply chain management and risk management; (ii) benefiting jewelry companies from the franchisees' operational experience, financial capabilities and deep understanding of the regional consumer base and (iii) synergizing brand strengths with the local resources of franchisees, allowing jewelry companies to quickly expand brand presence, seize strategic channel opportunities and enhance market penetration. Among the ten largest jewelry companies in China in terms of GMV in 2024, six companies had franchise model contributing to over 50% of their respective total revenue in 2024.
- The Company prioritize opening stores in shopping malls in First-Tier Cities and Second-Tier Cities with strong consumption potential. Its expanded presence in malls further enhances our brand's premium value and provides consumers with completely new experience.
- The procurement strategies and purchase timing among various franchisees differ, leading naturally to fluctuations in purchasing volumes.
- The marketing strategy allow the Company to establish widespread brand awareness across various channels and consumer groups.

Source: Frost & Sullivan

Appendix

- The authorized supplier model adopted by the Company is common amongst jewelry retailers in the PRC.
- The products that are sourced directly from us by franchisees typically feature more sophisticated craftsmanship, advanced designs and unique elements such as Chinese trendy elements. In contrast, products procured by franchisees from authorized suppliers mainly consist of more generic and mass-market items. As a result, when sold at retail, the products sourced from authorized suppliers are typically priced lower than those sourced directly from us.
- Social network e-commerce platforms includes Pinduoduo, live broadcast e-commerce platforms includes Douyin and Kuaishou, and vertical fashion e-commerce platforms includes Dewu.
- It is not uncommon for franchisees to independently choose the internal system for records of sales.
- It is not uncommon that a jewelry business operator franchises multiple brands in the jewelry industry in China, as jewelry stores demand significant investment and operate with low level of product standardization; as a result, franchisees need to be generally well-capitalized and experienced, but such operators with such qualifications are relatively rare.
- The decrease in same store sales revenue was mainly due to the following reasons: (i) same stores located in Shenzhen experienced a significant impact on end consumer traffic due to the increasingly competitive landscape. In particular, a growing number of small jewelry wholesalers based in Shenzhen began selling products directly to end consumers at lower prices, which diverted a portion of the foot traffic away from stores; and (ii) certain same stores located in other cities, where foot traffic was previously relatively stable, were adversely affected by changes in the surrounding commercial landscape. For instance, the development of new commercial areas in the vicinity of the commercial areas where same stores are located, such as newly opened shopping malls and renovated shopping malls, contributed to the reduction in foot traffic in same stores and the sales in such same stores were significantly affected.
- Gold jewelry typically had lower gross profit margin compared to diamond-set jewelry products, as the price of gold jewelry is generally anchored to a benchmark price, such as the gold price set by the Shanghai Stock Exchange, whereas the pricing of diamond-set jewelry is more market-driven, leading to higher gross profit margin.
- For gold jewelry sold by weight, the price differences among regions are relatively small, as the retail gold price is largely standardized by referencing against (i) the price issued by Shanghai Gold Exchange and (i) the prevailing prices set by major companies in offline or online market on the day of sale. On the other hand, for gold jewelry sold by piece, the price variations may be larger.
- Online platforms have been playing an increasingly important role in the gold jewelry market in the PRC. From 2019 to 2024, the revenue of gold jewelry from e-commerce platforms has shown a CAGR of 16.8%, higher than that from offline channels, the CAGR of which was 11.4%. During the period from 2024 to 2029, it is anticipated that the revenue from online platforms would keep growing at a CAGR of 9.7%, while the offline channels would demonstrate a CAGR of 7.4%. Notably, the growth rate of the e-commerce channel outpaces that of offline channels, underscoring the faster expansion of digital sales. Online platforms are playing an increasingly critical role in shaping consumer purchasing behavior. Jewelry brands are accelerating digital transformation to adapt to evolving demand, especially among younger, digitally native consumers.
- The figure (average revenue generated from newly opened franchise stores)/(average revenue generated from existing franchise stores) varies for each gold jewelry player and from year to year, while 1.20 – 1.78 is a reasonable range in the industry.

Source: Frost & Sullivan

Appendix

Franchise models play a pivotal role in the jewelry market, meanwhile, the number of franchise stores has been increasing in recent years. The franchise model not only accelerates business growth but also enhances the brand's visibility and accessibility across diverse regions. Meanwhile, by leveraging the franchisor's established brand equity and operational expertise, franchisees can successfully navigate local markets, deliver consistent product quality and customer experience, and respond dynamically to evolving consumer preferences.



Adopting the franchise model involves signing agreements that outline the rights and obligations of both parties, granting the franchisees the license to use the brand's trademarks and business methods. The franchisors then provide essential services such as training, operational guidance, and marketing support to ensure the franchisees can successfully launch and operate their business.

Source: Frost & Sullivan

Appendix

Franchise Services

Franchise services in the jewelry industry offer comprehensive support to ensure the success and coherence of each franchise location. Franchisors provide extensive training to franchisees and their staff, covering business models, sales techniques, product knowledge, and customer service. Additionally, support extends to site selection, ensuring that franchisees choose locations with high potential, and includes guidance on store image and interior design services to maintain brand consistency. Marketing and promotional support for franchisees encompasses advertising campaigns, localized promotional policies for regional adaptation, and guidance on social media strategies and online marketing to ensure a consistent brand message across all platforms.

Operational support is crucial, focusing on the management and control of daily store operations and customer service. Franchisees receive ongoing guidance to optimize efficiency and effectively address operational challenges. This support encompasses product offerings, pricing guidelines, and inventory management, where franchisors advise on stock levels and coordinate bulk purchases to ensure both supply consistency and cost-effectiveness.

Supply chain management and quality control measures are strictly enforced with regular audits to ensure all franchise outlets meet the brand's quality standards. Financial and legal support is provided to assist franchisees in financial management and compliance with local regulations, essential for operating in the complex jewelry market. Additionally, franchisees receive access to business management software and POS systems, which boost operational efficiency and enhance the customer experience.

Rights and Obligations of Franchisor and Franchisee

Rights of Franchisor

The franchisor grants the franchisee the right to use the brand's trademark and operational systems. In return, the franchisor receives a franchise service fee. The franchisor also retains the right to enforce brand standards to ensure uniformity across all locations.

Obligations of Franchisor

The franchisor is responsible for providing initial training, operational support, quality control and resources to the franchisee. This includes assistance in marketing, staff training, and product updates. The franchisor must also continuously innovate and improve the brand to maintain competitive relevance and support the franchisee's growth.

Source: Frost & Sullivan

Appendix

Rights and Obligations of Franchisor and Franchisee

Rights of Franchisee

The franchisee gains the right to operate under the brand's name, benefiting from the established reputation and customer loyalty associated with the brand. They can access the franchisor's proven business model, including operational systems, marketing strategies, supply chain services, quality control systems, and product offerings. Additionally, the rights of the franchisee are limited to the regions specified within the franchise agreement.

Obligations of Franchisee

In exchange for the rights granted, the franchisee agrees to adhere to the franchisor's business terms and pay the agreed-upon fees, including initial franchise fees and ongoing royalties. Beyond financial commitments, the franchisee must maintain the quality standards set by the franchisor, ensuring that the products and services offered meet the brand's specifications.

- The increase in gold price had a short-term impact on end consumer sentiment, leading to a wait-and-see attitude among certain end consumers.
- Despite the continued increase of the price of gold, our business operations remained relatively stable primarily because (i) gold jewelry consumption has become increasingly popular, with end consumers increasingly recognizing the investment value of gold products; (ii) we have continued to experience growth in online sales channels, driven by the growing popularity of online jewelry shopping; and (iii) we continue to introduce new products catering to evolving consumer demands.
- Compared to gold price, diamond price typically does not have a universally recognized benchmark or market standard. According to Frost & Sullivan, diamond price varies significantly due to the so-called 4C standard (cut, color, clarity and carat), and the pricing is more market driven, allowing jewelry companies greater latitude in determining margins for diamond-set jewelry.
- According to Frost & Sullivan, the ratios listed in the above tables (average revenue generated by the Group from newly opened franchise stores vs. existing franchise stores) are within the reasonable range in the jewelry industry.

Source: Frost & Sullivan

Appendix

- We primarily adopt two types of online sales channels, namely the self-operated e-commerce stores and sales to e-commerce platforms. Under the self-operated e-commerce store model, we directly sell our products to end consumers through our self-operated e-commerce stores on e-commerce platforms, primarily including JD.com and Tmall. End consumers can browse, place orders and complete payments within self-operated e-commerce stores. Under the sales to e-commerce platforms model, we sell our products to e-commerce platforms in accordance with the agreements signed with these-commerce platforms, which primarily include JD.com and VIP.com. We hand over products to a third-party logistics provider who delivers them either to a warehouse specified by the e-commerce platform or to end consumers. End consumers place their orders and make payments directly to these platforms.
- i) some franchisees have adopted similar management systems to which they are accustomed to using in their management and operating of franchise stores with the same or similar functions as ours, and transferring system may not be efficient for them; (ii) some of our franchisees may operate multiple franchise brands simultaneously, where they may adopt their own internal system to manage the comprehensive operating data of all brands for their convenience; and (iii) certain smaller-scale franchisees may find it costly to transfer to a new system. Therefore, some of our franchisees may refuse to use our smart cloud platform service. and some of franchisees who had installed our smart cloud platform may not use it consistently to record every transaction. Instead, they may use their own system that better meets their demands or use our smart platform service periodically. According to Frost & Sullivan, it is not uncommon for franchisees to independently choose the internal system for records of sales. Our Directors concur with the this view of Frost & Sullivan.
- These efforts have driven remarkable online performance, with online revenue surging from RMB739 million in 2021 to RMB2,288 million in 2024—a CAGR of 46%, second only to Laopu Gold and ranking the Company #2 in the industry, its online revenue share rose from 27% in 2021 to 40% in 2024—far exceeding the sector average of 13%, placing it #1 in this metric.
- For online channels, given consumers' inability to view physical products, lower average transaction prices, and a younger demographic prone to impulsive buying, the Company prioritizes low-unit-price, inexpensive products to align with online consumption characteristics.

Source: Frost & Sullivan

Appendix

- The market price of gold has shown a consistent upward trend since 2023. This ongoing rise in gold prices has dampened end consumers' willingness to spend on gold jewelry. As a result, some end consumers are turning to more affordable alternatives, such as K-gold or pearls; (ii) the rise in gold price has led to a decrease in disposable income allocated to gold purchases, further limiting end consumers' interest in purchasing gold jewelry. In some cases, end consumers have adopted an await-and-see attitude, holding off on purchases until gold prices return to previous levels.
- Same stores located in Shenzhen experienced a significant impact on end consumer traffic due to the increasingly competitive landscape.
- In particular, a growing number of small jewelry wholesalers based in Shenzhen began selling products directly to end consumers at lower prices, which diverted a portion of the foot traffic away from our stores; and (v) certain same stores located in other cities, where foot traffic was previously relatively stable, were adversely affected by changes in the surrounding commercial landscape.
- For instance, the development of new commercial areas in the vicinity of the commercial areas where our same stores are located, such as newly opened shopping malls and renovated shopping malls, contributed to the reduction in foot traffic in our same stores and the sales in such same stores were significantly affected.
- In addition, the increase in closed franchise stores in 2024 was also attributable to market conditions, particularly the rapid surge in gold prices during certain periods of 2024, which led to a temporary reduction in demand for gold products as end consumers exercised increased caution in their purchase decisions, resulting in some franchisees deciding to close their stores in response to the market conditions.
- The discrepancy between GMV and revenue rankings can be attributed to the operational models, including company-owned and franchise models, adopted by various companies.
- Furthermore, even among franchise model, revenue stream methods can vary significantly.
- The interest rate for gold loan was relatively lower than the interest rate for cash loan in the second half of 2024.
- As of the Latest Practicable Date, the spot price including value added tax (VAT) for Au9999 gold in the PRC reached RMB776.4/g.
- The agreed fee paid to Frost & Sullivan for the preparation and use of the Frost & Sullivan Report is RMB550,000.

Source: Frost & Sullivan

Appendix

Competitor Analysis of Franchise Models

The Company's franchise revenue is within the industry range among all jewelry companies in the PRC for the year ended December 31, 2024. The Company ranked sixth in terms of revenue generated from jewelry products among jewelry companies mainly operating with the franchise model in the PRC for the year ended December 31, 2024.

Ranking of Jewelry Companies with the Franchise Model¹ in the PRC, by Revenue of Jewelry (2024)

Ranking	Company	Listing Status	Market Share by Revenue ²
1	Company A	Public	10.2%
2	Company B	Public	7.0%
3	Company E	Public	3.8%
4	Company F	Public	2.5%
5	Company C	Public	1.6%
		Subtotal	25.1%
6	The Company	Private	0.7%

Note:

(1) The jewelry companies listed in the table mainly employ the franchise model, with franchise revenue comprising over 50% of their total revenue for the year ended December 31, 2024.

(2) Each figure in the table above denotes the market share by jewelry revenue of the corresponding company.

Source: Annual Reports, Frost & Sullivan

Appendix

Competitor Analysis of Franchise Models

The Company ranked fifth in terms of GMV generated from jewelry products among jewelry companies mainly operating with the franchise model in the PRC for the year ended December 31, 2024.

Ranking of Jewelry Companies with the Franchise Model¹ in the PRC, by GMV of Jewelry (2024)

Ranking	Company	Listing Status	Market Share by GMV ²
1	Company A	Public	16.3%
2	Company B	Public	10.2%
3	Company C	Public	7.1%
4	Company E	Public	5.4%
5	The Company	Private	5.0%
		Total	44.0%

Note:

(1) The jewelry companies listed in the table mainly employ the franchise model, with franchise revenue comprising over 50% of their total revenue for the year ended December 31, 2024.

(2) Each figure in the table above denotes the market share by GMV of jewelry of the corresponding company.

Source: Annual Reports, Frost & Sullivan

Thank You!

