
INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the industry report commissioned by us and independently prepared by Frost & Sullivan, in connection with the [REDACTED]. In addition, certain information is based on, or derived or extracted from, among other sources, publications of different government authorities and internal organizations, market statistics providers, communications with various PRC government agencies or other independent third-party sources unless otherwise indicated. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. The information and statistics from official government sources have not been independently verified by our Company, the Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], and the [REDACTED], or any of their respective directors, advisers and affiliates, or any other person or parties involved in the [REDACTED], and no representation is given as to their accuracy.

SOURCE OF INFORMATION

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare a market research report on the gold jewellery market in the PRC. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the U.S.. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. The agreed fee paid to Frost & Sullivan for the preparation and use of the Frost & Sullivan Report is RMB350,000. The payment of such amount was not contingent upon our successful [REDACTED] or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other market research report in connection with the [REDACTED]. We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the gold jewellery market for potential [REDACTED]. Unless otherwise indicated, market estimates or forecasts in this section represent Frost & Sullivan’s view on the future development of the gold jewellery market.

In preparing the Frost & Sullivan Report, Frost & Sullivan has relied on its in-house database, independent third-party reports, and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices, and other relevant information. Frost & Sullivan has exercised due care in collecting and reviewing the information so collected and believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct, and not misleading. Frost & Sullivan has independently analysed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. In compiling and preparing the research, Frost & Sullivan assumed that the social, economic, and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the stable and healthy development

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of the gold jewellery market. In addition, Frost & Sullivan has developed its forecast on the following bases and assumptions: (i) the economy in the global range is likely to maintain stable growth in the next decade, and (ii) the gold jewellery market is expected to grow based on the macroeconomic assumptions of the economy. Frost & Sullivan’s research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. Except as otherwise noted, all data and forecasts in this section come from the Frost & Sullivan Report.

OVERVIEW OF JEWELLERY MARKET

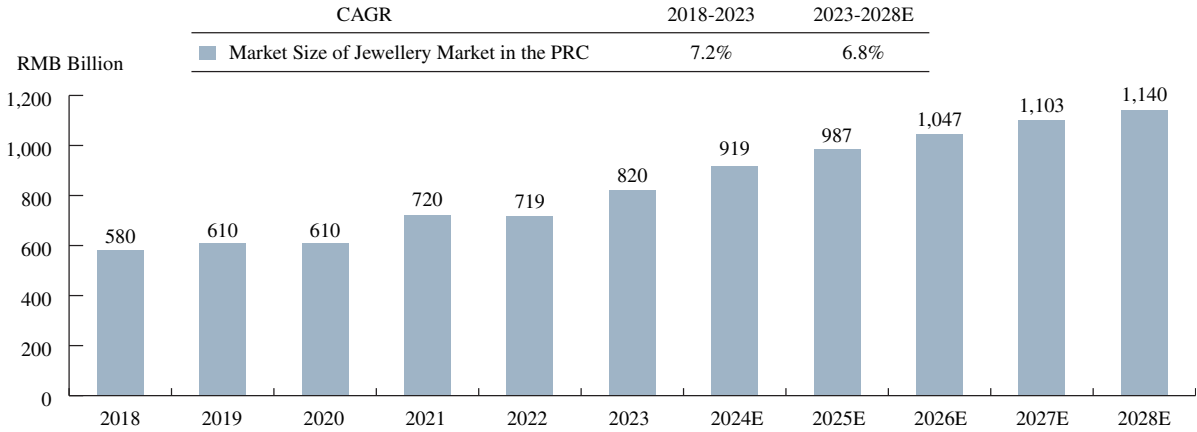
Definition and Classification

Jewellery is a precious metal material, natural jade, and artificial jade jewellery processed for decoration and has a certain value as an artifact or other collections. Jewellery may be appreciated for its material properties, patterns, or meaningful symbols. Jewellery can be mainly classified into gold jewellery, jade jewellery, diamond jewellery, silver & platinum jewellery, coloured gemstone jewellery, pearl jewellery and others by material.

Gold jewellery is jewellery mainly made of gold, including various gold purity level jewellery. Jade jewellery is jewellery mainly made of jade stones. Diamond jewellery is jewellery (usually made from platinum and K-gold) studded with diamonds. Sliver & platinum jewellery is jewellery made of sliver or platinum. Others include jewellery studded with gemstones, and jewellery made out of or studded with pearls.

Market Size of Jewellery Market in the PRC

Market Size of Jewellery Market in the PRC, by Sales Revenue, 2018–2028E



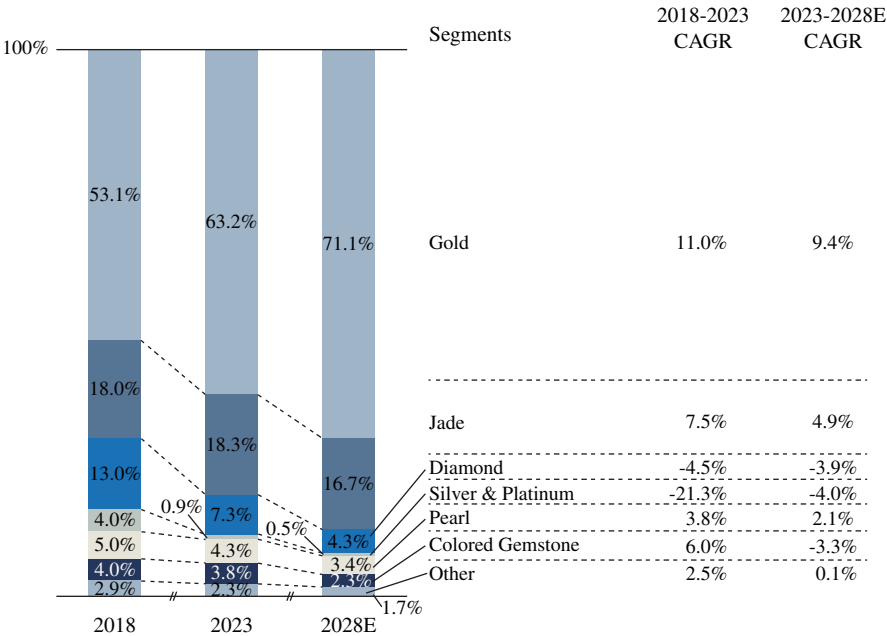
Source: Gems & Jewellery Trade Association of China, Frost & Sullivan

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In line with the improvement of the consumption power and the diversification of jewellery products, jewellery has gradually become a fashion accessory for people’s daily wear. The jewellery market in the PRC witnessed steady growth from 2018 to 2023. However, affected by the COVID-19 pandemic, a large number of offline jewellery retail stores suspended their business, and jewellery sales have stalled. As a result, the jewellery market size in 2022 witnessed a decline. Overall, the sales revenue of the PRC jewellery market increased from RMB580 billion in 2018 to RMB820 billion in 2023, representing a CAGR of 7.2%. Looking forward, due to the growing purchasing power of PRC citizens, the jewellery market in the PRC is estimated to grow at a CAGR of 6.8% from 2023 to 2028, reaching a total sales revenue of RMB1,140 billion by the end of 2028.

Market Size of Jewellery Market in the PRC, Breakdown by Material

Market Size of Jewellery Market in the PRC, Breakdown by Material, 2018–2028E



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

Gold jewellery has historically been a Chinese favourite due to its long cultural significance dating back several thousand years. The sales revenue of the gold jewellery market in 2023 was RMB518 billion, accounting for 63.2% of the whole jewellery market, and is forecasted to reach RMB811 billion in 2028, growing at a CAGR of 9.4%.

The jade jewellery market has taken up about 18.3% of the jewellery market, with a market size of RMB150 billion in 2023. It is expected to reach RMB190.5 billion in 2028, with a CAGR of 4.9%.

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The diamond jewellery market is the third-largest segment, which took up about 7.3% of the overall sales revenue in 2023. However, under the huge shock of lab-grown diamonds and the global economy’s slowdown, the diamond jewellery market size in the PRC is forecasted to decrease to RMB49.2 billion in 2028, with a CAGR of (3.9)%.

The market size of silver & platinum jewellery in the PRC has decreased from RMB23.2 billion to RMB7 billion from 2018 to 2023. It is forecasted that the market size will continue to fall to RMB49.2 billion in 2028, with a CAGR of (3.9)% as the popularity of silver and platinum continues to decline.

Others, such as pearls and coloured gemstones, only account for a small share of the jewellery market.

Market Drivers of Jewellery Market in the PRC

Expansion of jewellery consumption in third-tier and lower tier cities: With the continuous growth of GDP and per capita disposable income in the PRC, consumer purchasing power in third-tier and lower tier cities has also increased accordingly. In recent years, per capita consumption of gold jewellery in these cities has risen significantly, from RMB489.7 in 2018 to RMB663.2 in 2023, representing a CAGR of 6.3%, indicates a growing preference and willingness among consumers to purchase jewellery, highlighting the market’s potential and promising outlook. It is projected that by 2028, per capita consumption of gold jewellery in third-tier and lower tier cities will further increase to RMB927.8, with a CAGR of 6.9%, primarily driven by the expansion of franchised gold jewellery stores in lower-tier cities and ongoing upgrades in consumer spending.

Diversified demands and consumption scenarios: Jewellery has increasingly become a fashion-centric accessory for daily wear, as consumers pursue unique and personalized styles. The evolving aesthetic preferences of consumers, particularly young consumers, have driven a heightened demand for well-designed and distinctive jewellery. To fulfill diverse needs, jewellery companies have intensified their efforts to launch new techniques, such as heritage gold craftsmanship and contemporary designs, including collaborations with popular IPs that resonate with younger audiences. Additionally, the occasions for jewellery consumption have become increasingly diverse. Beyond traditional events like weddings and engagements, self-appreciation has emerged as an important purchasing driver among customers.

Growth potential of jewellery consumption driven by increasing purchasing power: Compared with the per capita consumption of jewellery in the U.S. and the Middle East, the per capita consumption in China still falls behind. China’s per capita disposable income is still lower than that of the U.S. and the Middle East, which indicates great growth potential. With the robust growth of China’s economy, the market size of jewellery in China is expected to continue to increase, accompanied by the growth of per capita jewellery consumption.

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Future Trends of Jewellery Market in the PRC

Fierce competition with dominance of leading brands: The jewellery market is highly competitive, and jewellery companies are extending their industry chains to improve cash flow and profit margins. Leading jewellery enterprises hold financial, brand, scale, and cost advantages over smaller competitors, enabling them to operate more efficiently, offer competitive prices, and invest heavily in branding, marketing, and product design. As a result, small jewellery production and processing enterprises are likely to be gradually eliminated, leading to increased market concentration and dominance by leading companies, who can better align with evolving consumer preferences.

Digitalization of Sales Channels

Digital technologies and the expansion of diverse sales channels are driving a radical transformation in how consumers shop for jewellery, reshaping purchasing habits across the industry. Online sales have become a key growth area, with the e-commerce share of gold jewelry revenue climbing from 5.7% in 2018 to 7.2% by 2023. In response, jewellery companies are increasingly expanding their digital presence through e-commerce platforms, social media, and personalized shopping experiences to attract a broader audience, particularly younger consumers. This digital shift offers consumers greater convenience while enabling brands to engage more directly with their target customers, positioning the jewellery industry to better adapt to evolving market demands.

Growing popularity of “China Chic” for traditional brands: For a long time, foreign jewellery brands reigned unchallenged in China. Consumers often saw them as a symbol of fashion. In recent years, China has seen a surge in young consumers’ interest in domestic brands and products that incorporate Chinese traditional crafts and culture. The “China Chic” phenomenon has been warmly embraced by the younger generation in China. With Chinese rising cultural confidence, traditional Chinese brands will win the jewellery market with the resurgence of traditional crafts and cultural elements, especially in the gold jewellery market.

Diversified and innovative jewellery products for younger generation: As Chinese consumers increasingly pursue personalized jewellery, jewellery products with novel models and unique cultural connotations will be more popular among consumers. In the future, Chinese jewellery products will become more innovative, fashionable, and exquisite regarding technological design, model, and cultural connotation. Moreover, jewellery brands will continue to innovate and create product differentiation to win the favor of the whole market.

OVERVIEW OF GOLD JEWELLERY MARKET

Definition and Classification

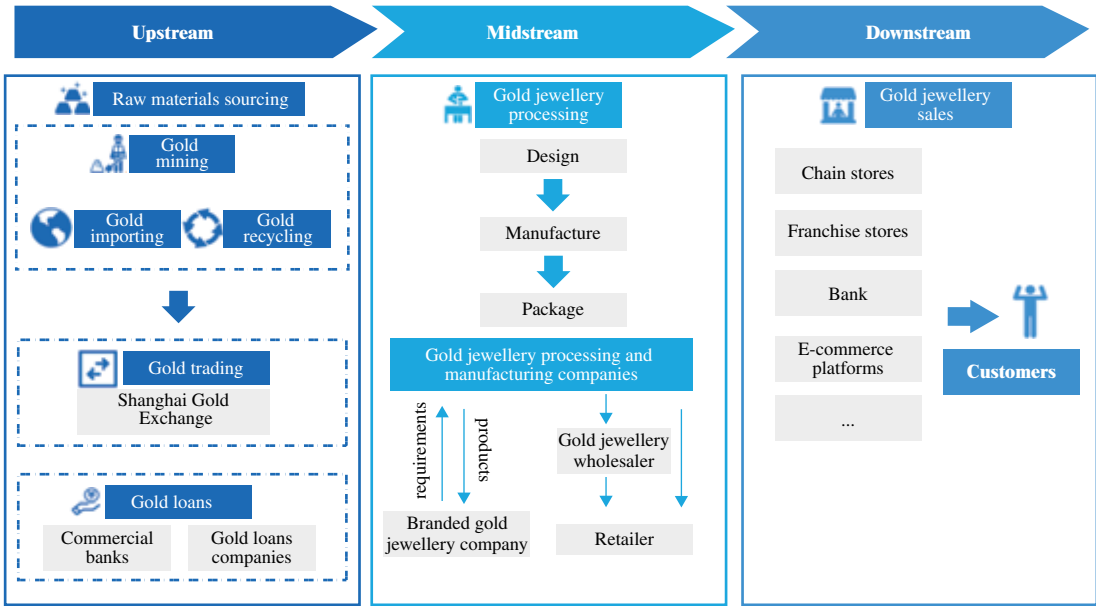
Gold jewellery is made of gold as the main raw material, which can be categorized by gold purity and technique.

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The gold jewellery is classified into Au990, Au999, Au9999, and K-gold jewellery based on the gold content. Au990 and Au999, with purity level of no less than 990‰ and 999‰ respectively, are the most commonly used gold for gold jewellery. Au9999 has the highest gold fineness, with a gold purity of no less than 999.9‰. Thus, it has a high investment value. However, the processing technique for manufacturing gold jewellery from Au9999 is considerably strict. K gold is an alloy formed by fusion of gold and other metals. The purity is no less than 375‰ and no more than 916‰.

Regarding the techniques, gold jewellery can be categorized into regular, heritage, 3D/5D, and 5G gold jewellery. Heritage gold jewelry refers to pure gold jewelry that combines modern designs with classic Chinese culture, which applies at least two traditional Chinese handmade gold crafting techniques. 3D gold refers to gold produced using electroforming techniques, which are characterized by high hardness. 5D gold refers to gold of high content, high hardness (not less than 100HV), high gloss, strong wear resistance, and strong deformation resistance. 5G gold refers to gold with a surface hardness of not less than 60HV (under a loading force of 200gf for 15 seconds).

Value Chain Analysis



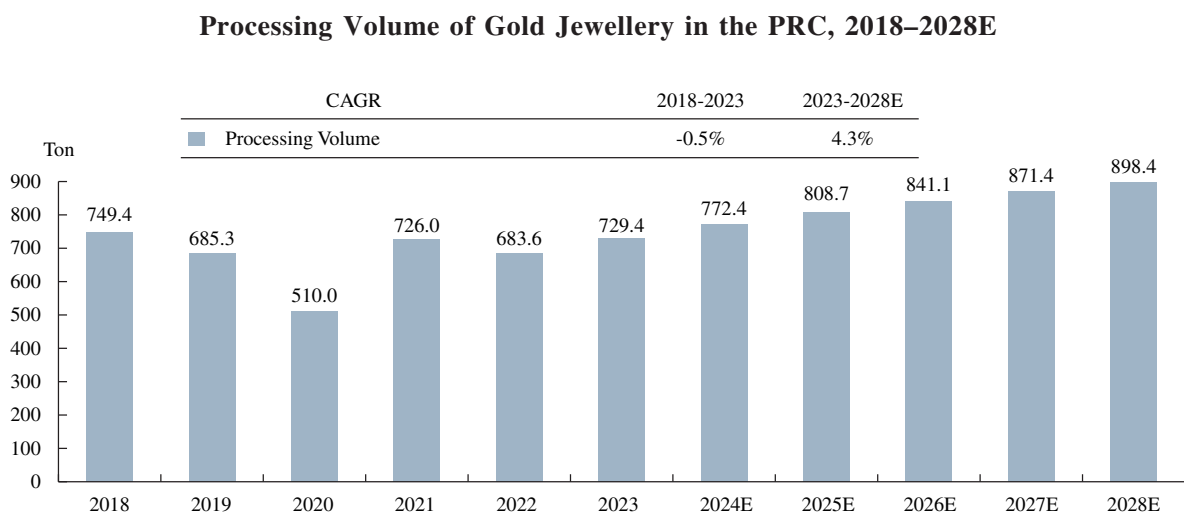
Source: Frost & Sullivan

The upstream of the gold jewellery industry involves gold mining, gold importing, gold recycling, gold trading and gold loans. The midstream companies in the gold jewellery industry are gold jewellery processing and manufacturing companies, which also serves as OEMs for some branded gold jewellery companies, and as suppliers for gold jewellery wholesalers and retailers. The downstream of gold jewellery industry is the sales of gold jewellery, the distribution channel includes self-operated stores, franchise stores, banks, e-commerce platform and others.

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It is common for gold jewellery companies to adopt a franchise network in the industry. The reasons for using a franchise, which is a type of license that grants franchisees access to a franchisor’s propriety business knowledge, processes, and trademarks to sell products or services under the franchisor’s business name, are that it can help the company to spread risks, adapt to local market conditions, improve brand awareness, and ensure the consistency of operations across various stores while rapidly expanding. The concentration rate of franchisees in the gold jewellery market is low, with over tens of thousands of players in the industry. Most of the gold jewellery franchisees are small and medium-sized companies or individually-owned businesses, concentrated in provinces such as Guangdong, Shandong, Jiangsu, Fujian, and Zhejiang.

Market Size of Gold Jewellery Market in the PRC (by Processing Volume)



Source: China Gold Association, Frost & Sullivan

The processing volume of gold jewellery in the PRC fluctuated in the past few years. Influenced by the economic downturn and the rising gold price, the processing volume of gold jewellery decreased from 749.4 tons in 2018 to 685.3 tons in 2019. In 2020, the outbreak of the pandemic caused the processing volume to slump to 510.0 tons. The processing volume rebounded in 2021 since effective control measures taken by the government which led to the fast resume of the offline manufacturing process. The processing volume dipped again with the resurgence of the pandemic in 2022. Looking forward, as the government has eased the COVID-19 curbs since the end of 2022, the market size of the gold jewellery industry in terms of processing volume is expected to grow at a CAGR of 4.3% and reach 898.4 tons in 2028.

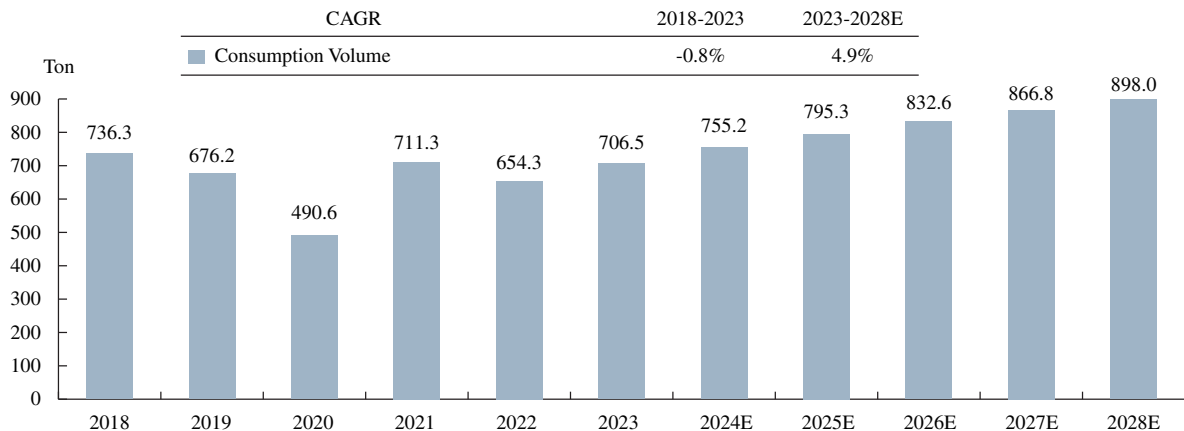
Market Size of Gold Jewellery Market in the PRC (by Consumption Volume)

The consumption volume of gold jewelry in the PRC exhibited a fluctuating pattern, decreasing from 736.3 tons in 2018 to 706.5 tons in 2023, with a CAGR of (0.8)% over this period. This decline was primarily driven by the widespread impact of the pandemic in 2020 and 2022. Economic downturn pressures also contributed to the overall weakness in consumption, resulting in

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a drop in 2019. However, with consumers’ growing preference for gold jewelry, the consumption volume is projected to grow steadily, reaching 898.0 tons by 2028, with a CAGR of 4.9% from 2023 to 2028.

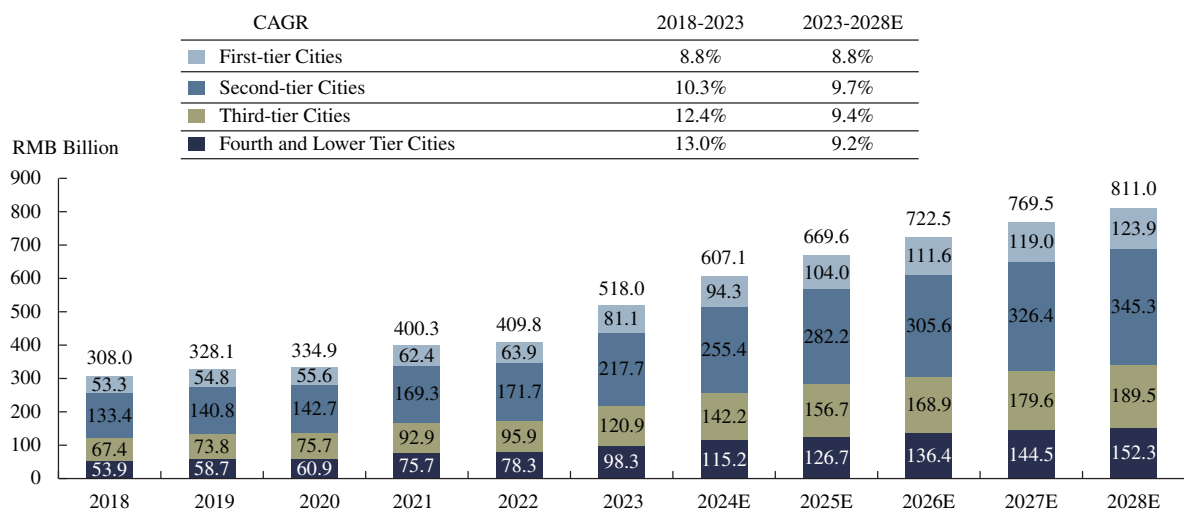
Consumption Volume of Gold Jewelry in the PRC, 2018–2028E



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

Market Size of Gold Jewellery Market and Breakdown by Tiers of City

Market Size of Gold Jewellery Market in the PRC, Breakdown by Tiers of City, in Sales Revenue, 2018–2028E



Note: The first-tier cities refer to Shanghai, Beijing, Guangzhou, and Shenzhen. The second-tier cities refer to Chengdu, Chongqing, Hangzhou, Wuhan, Suzhou, Xi’an, Nanjing, Changsha, Tianjin, Zhengzhou, Dongguan, Qingdao, Kunming, Ningbo, 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. The 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,

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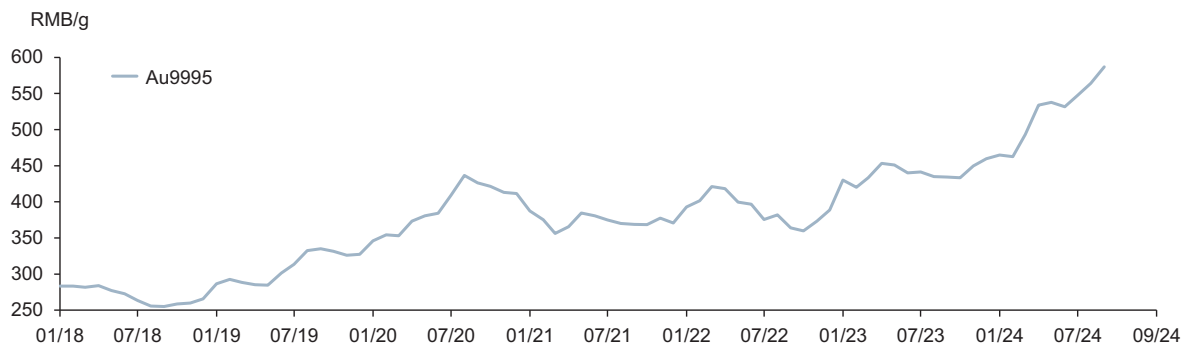
Xinxiang, Lianyungang, Cangzhou, Mianyang, Hengyang, Shangqiu, Heze, Xinyang, Xiangyang, Chuzhou, Shangrao, Jiujiang, Yichang, Putian, Zhanjiang, Liuzhou, Anqing, Suqian, Zhaoqin, Zhoukou, Xingtai, Jingzhou, Sanya, Yueyang, Bengbu, Zhumadian, Tai’an, Chaozhou, Zhuzhou, Weihai, Liu’an, Changde, Anyang, Suzhou, Huanggang, Dezhou, Ningde, Liaocheng, Yichun, Weinan, Qingyuan, Nanchong. The fourth and lower tier refer to the rest of the other cities.

Source: Frost & Sullivan

The market size of gold jewellery in first-tier cities in terms of sales revenue increased from RMB53.3 billion in 2018 to RMB81.1 billion in 2023, achieving a CAGR of 8.8%. The sales revenue of gold jewellery in second-tier cities accounts for the largest proportion, growing at a CAGR of 10.3% from RMB133.4 billion in 2018 to RMB217.7 billion in 2023. Looking forward, the continuous enhancement of per capita consumption level will further drive the growth of the gold jewellery market size in first-tier and second-tier cities, growing at CAGRs of 8.8% and 9.7% and reaching RMB123.9 billion and RMB345.3 billion in 2028 respectively. Similarly, since the consumption power in third and fourth-tier cities rises, the leading gold jewellery companies have been expanding the sales network in the sinking market. Accordingly, the market size of gold jewellery in third-tier and fourth and lower tier cities have increased rapidly, achieving a CAGR of 12.4% and 13.0% from 2018 to 2023 respectively. The gold jewellery market in third-tier cities is expected to grow at a CAGR of 9.4% and reach RMB189.5 billion in 2028. The market size of gold jewellery in fourth and lower tier cities is projected to reach RMB152.3 billion in 2028, representing a CAGR of 9.2% from 2023 to 2028.

Price Trends of Gold in the PRC

International Price Trends of Gold (Au9995), 2018.01–2024.09



Source: London Bullion Market Association

International Average Annual Spot Price of Gold (Au9995), 2018–2024

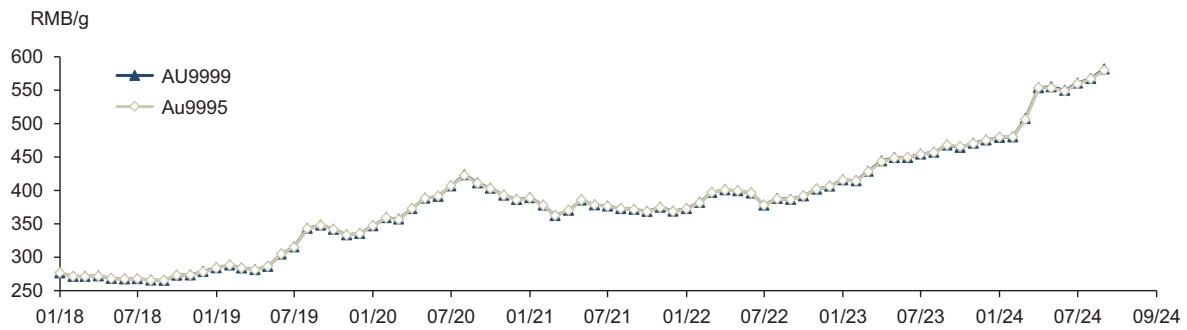
RMB/g	2018	2019	2020	2021	2022	2023	2024
AU9995	269.9	308.9	392.4	373.1	389.3	439.6	524.7

Note: The 2024 price is the average for the period from January to September.

Source: London Bullion Market Association

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Price Trends of Gold (Au9995 and Au9999) in the PRC, 2018.01–2024.09



Source: Shanghai Gold Exchange

Average Annual Spot Price of Gold (Au9995 and Au9999) in the PRC, 2018–2024

RMB/g	2018	2019	2020	2021	2022	2023	2024
AU9995	270.9	312.4	387.1	374.3	392.0	449.8	536.5
AU9999	271.1	312.7	387.4	374.5	392.2	449.9	537.3

Note: The 2024 price is the average for the period from January to September.

Source: Shanghai Gold Exchange

The gold price in the PRC is positively correlated with the international gold price, and most of the gold prices at international markets are USD-dominated. From 2018 to 2023 the gold price in the PRC is generally higher than the international gold price since the domestic market is in supply shortage and imports a large amount of gold, which adds the cost of physical delivery, warehousing, local taxation, conversion of local currency to USD, etc., to the spot price. The average annual spot price for Au9995 in the international market experienced a fluctuating but generally upward trend, increasing from RMB269.9/g in 2018 to RMB439.6/g in 2023. Due to various factors including increasing inflationary pressures and geopolitical uncertainties, the average annual spot price for Au9995 in the international market rapidly reached RMB586.8/g in September 2024.

The average annual spot price for Au9995 in the PRC experienced a general upward trend which increased from RMB270.9/g in 2018 to RMB449.8/g in 2023 due to several factors, including the volatility in the global political and economic environment, the strong demand for gold, particularly with the jewellery industry. Especially in 2020, due to the outbreak of Covid-19, the international economic environment is faced with a lot of uncertainty. Furthermore, the geopolitical conflict and the rising inflation have pushed up demand for gold to hedge risks and the spot price hit a record high of RMB449.8/g in 2023. The trend of the average annual spot price for Au9999 is in line with Au9995 but is slightly higher, growing from RMB271.1/g in 2018 to RMB449.9/g in 2023. Due to the increasing of gold price in international market, the average annual spot price for Au9995 and Au9999 in the PRC reached RMB579.7/g and RMB581.8/g in September 2024, respectively. For gold jewellery companies, the rise in gold price indicates that the

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inventory value of a gold jewellery company rises accordingly. In addition, the continuous rise in the gold price will motivate consumers’ investment enthusiasm, promoting the demand for gold jewellery products. Driven by customers’ “buy on the upside” philosophy for gold, the demand for gold jewellery is likely to increase with the rising gold price. Hence, gold jewellery manufacturing companies will receive more orders from either retailers or individual traders.

Market Drivers of Gold Jewellery Market in the PRC

Rising younger consumer group: Gold jewellery is trending among millennials and Gen Z (those born between 1981 and 2012) in the PRC. The proportion of younger consumers, who possess a stronger willingness to purchase and a greater demand for well-designed jewellery, is increasing substantially within the gold jewellery market, thereby propelling its growth and evolution. Besides, factors affecting purchasing decisions have changed among younger generations. An increasing number of younger consumers buy gold jewellery for self-satisfaction and daily wearing, rather than just for specific consumption scenarios such as children gifting, family gifting, holiday-related occasions, and wedding purchases.

Upgrade of the consumption in third and lower tier cities: China’s economic boom over the past few decades has significantly increased annual disposable income per capita, which has steadily risen from RMB28.2 thousand to RMB39.2 thousand over the last five years, reflecting a CAGR of 6.8%, according to the National Bureau of Statistics. As income grows, consumer spending has also increased, with the consumption structure of Chinese consumers continuously optimized and upgraded, leading to a steady rise in total spending on luxury items. Notably, the per capita consumption of gold jewellery in third-tier and lower tier cities has experienced rapid growth, with a CAGR of 6.3% from 2018 to 2023, reaching RMB663.2 in 2023. This growth indicates a heightened preference and readiness among consumers to buy jewellery, signaling significant potential for market expansion.

Cultural significance of gold jewellery products: The cultural significance of gold jewellery is pivotal, as gold has long been regarded as a symbol of good luck and a valuable heirloom, deeply embedded in the nation’s cultural heritage. Its esteemed status is particularly evident during significant life events, such as weddings, festivals, and celebrations, where it is cherished as a valuable gift that can be passed down through generations. Beyond its traditional role, gold jewellery also serves as a means of daily self-expression and personal adornment, enhancing individual style and confidence. This dual function underscores gold’s enduring popularity and cultural relevance in China, driving demand and solidifying its importance in both personal and family histories.

Increasing demand for gold product investment: Gold jewellery is not only a decorative accessory but also highly valued by consumers for its inherent worth, as gold is widely regarded as a reliable safe-haven asset that protects against the depreciation of monetary assets. Factors such as global inflation and geopolitical conflicts have heightened the demand for assets that resist devaluation and mitigate risks, resulting in an increase in the average annual spot price for Au9995 in the international market from RMB373.1 per gram in 2021 to RMB439.6 per gram in 2023, and further rising to RMB586.8 per gram by September 2024. Consequently, the gold jewellery markets

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with investment features have gained significant popularity, as consumers increasingly seek products that not only enhance their personal style but also serve as a hedge against economic uncertainty.

Growth in Gold Recycling: The usage of recycled gold jewellery grow steadily, benefiting from the economic advantages of utilizing recycled precious metals and supportive policies, which in turn drive the development of the gold jewellery market. Through gold trade-ins, jewellery companies may acquire raw materials at lower prices, while also providing an attractive option for consumers to purchase new jewellery. Additionally, the government of Luohu District in Shenzhen, along with the China Gold Association and other enterprises, established relevant standards, including the “Guidelines for Business Operations and Services of Gold Trade-In Enterprises” and the “Initiative for Compliance in Gold Trade-In Operations” in 2022 and 2023, which set requirements for the professionalism of service personnel and equipment, compliance in operations, and service processes to regulate gold recycling services, thereby promoting the standardization of gold jewelry recycling processes and enhancing the convenience of recycling channels.

Future Trends of Gold Jewellery Market in the PRC

More trendy designs and continuous technique enhancement: Gold jewellery is trending among Generation Z and millennial customers (born between 1981 and 2012), who will become the majority of gold consumers in the PRC. The consumption group of gold jewellery is becoming increasingly younger. Therefore, leading gold jewellery companies are adding more designs or collaborating with different IPs catering to younger generations’ preferences. Besides, innovative designs are closely linked to gold processing techniques. In recent years, emerging gold processing techniques are gaining popularity in the gold jewellery market, for example, 3D gold, 5G gold, and heritage gold. Besides, the technology enhancement has also led to the lifting of gold jewellery purity level.

Rising trend of customization and personalization of gold jewellery: With people’s pursuit of quality life, customization and personalization of gold jewellery is seeing increasing demand. On the one hand, customization is usually associated with a high-end brand image and uniqueness, which can be worn as a symbol of status and wealth. Additionally, customization allows customers to add personal designs, giving the gold jewellery a special meaning and story and helping them express their emotions. On the other hand, more younger customers, who like to express their individuality, are joining the gold jewellery consumer group. Hence, the demand for gold jewellery customization foresees vast development potential in the future.

Digitalization and shifting sales channels: According to the digital economy development plan for the 14th Five-Year Plan, the integration of the Internet and traditional industries will be further bolstered by the Chinese government. With the massive population base, China is currently the largest e-commerce market in the world. Besides, millennials and Gen Z are becoming a core source of the gold jewellery market growth. These individuals are heavy internet and social media users. Thus, digital transformation becomes the means of survival and revival for traditional gold

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jewellery companies. Particularly, mobile social media sales were expected to increase significantly, meaning that brands should focus on creating an optimal online presence with special customer attention through e.g. customization and community-building.

Diversifying consumption scenarios: Across all consumers in China, gold jewellery purchases are usually used to be as a gift or mark specific occasions that are laden with emotions such as weddings, anniversaries, newborns and Chinese New Year etc. Furthermore, Chinese customers are more rational and mature, with more diversified consumption needs and preferences. Especially for female consumers, who are the major driver of gold jewellery consumption, such consumer groups are becoming self-purchasing consumers who purchase gold jewellery to celebrate personal milestones. As a result, gold jewellery companies are required to develop more product lines that fit evolving and diversifying consumption scenarios.

Competitive Landscape of Gold Jewellery Brands in the PRC

The gold jewellery market in the PRC was considered concentrated for the year ended December 31, 2023 in terms of gold jewellery revenue. For the year ended December 31, 2023, the aggregate gold jewellery revenue generated from the top five gold jewellery brands was approximately RMB233.5 billion, contributing 45.0% to the entire market. The Group ranked fifth and took up a share of 3.8% for the year ended December 31, 2023.

Market Share of Top Five Gold Jewellery Brands in the PRC, by Gold Jewellery Revenue⁽¹⁾ (2023)

Ranking	Company	Listing Status	Market Share
1	Chow Tai Fook ⁽²⁾	Public	12.7%
2	Lao Feng Xiang ⁽³⁾	Public	10.9%
3	China Gold ⁽⁴⁾	Public	10.7%
4	Yuyuan Group ⁽⁵⁾	Public	6.9%
5	The Group	Private	3.8%
	Top 5		45.0%

Source: Annual Report, Frost & Sullivan

Notes:

- (1) The gold jewellery revenue here only includes the revenue generated in mainland China.
- (2) It is a leading jewellery brand in the PRC. It mainly engages in the sale of gem-set jewellery, platinum/karat gold products, gold products, and watches. Its estimated gold jewellery (excluding gold bullion) self-production rate in 2023 is approximately 45%.
- (3) It is one of the China time-honored brands in the PRC. It mainly engages in the jewellery and gold business, stationary and art craft. Its estimated gold jewellery (excluding gold bullion) self-production rate in 2023 is approximately 50%.
- (4) It is a PRC’s leading gold jewellery company. It mainly engages in the sale of gold jewellery and processing of gold bullion. Its estimated gold jewellery (excluding gold bullion) self-production rate in 2023 is approximately 0%.

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- (5) It is a comprehensive group in the PRC. It mainly engages in jewellery and fashion, food and beverage, beauty and health, watches, department stores, etc. Its estimated gold jewellery (excluding gold bullion) self-production rate in 2023 is approximately 0.5%.

The gold jewellery market in the PRC was considered concentrated for the year ended December 31, 2023 in terms of gold processing volume. For the year ended December 31, 2023, the aggregate gold processing volume of the top five gold jewellery enterprises was approximately 279.5 tons, contributing 38.3% to the entire market. The Group ranked third and took up a share of 6.9% for the year ended December 31, 2023.

Market Share of Top Five Gold Jewellery Brands in the PRC, by Gold Processing Volume (2023)

<u>Ranking</u>	<u>Company</u>	<u>Listing Status</u>	<u>Processing Volume (Ton)</u>	<u>Market Share</u>
1	Batar Group ⁽¹⁾	Private	81.3	11.1%
2	Hangmin Baitai Jewelry ⁽²⁾	Private	59.2	8.1%
3	The Group	Private	50.0	6.9%
4	Swiky Jewelry ⁽³⁾	Private	47.2	6.5%
5	Gold Dragon Jewelry ⁽⁴⁾	Private	41.8	5.7%
	Top 5		279.5	38.3%

Source: China Gold Association

Notes:

- (1) It is a well-known gold jewellery enterprise in the PRC. It mainly engages in the processing, wholesale, and retailing of gold jewellery.
- (2) It is a well-known jewellery enterprise in the PRC. It mainly engages in the design, processing, and sales of gold jewellery.
- (3) It is a well-known gold jewellery manufacturer and supplier in the PRC. It mainly engages in the design, processing, OEM, and wholesale of gold jewellery.
- (4) It is a well-known gold jewellery enterprise in the PRC. It mainly engages in designing, processing, wholesale, and retailing gold jewellery.

INDUSTRY OVERVIEW

The market size of high-purity level (999.9‰ and above) gold jewellery in terms of revenue is RMB63.0 billion in 2023. For the year ended December 31, 2023, the aggregate high-purity level (999.9‰ and above) gold jewellery revenue of the top five gold jewellery enterprises was approximately RMB43.4 billion, contributing 68.8% to the entire market. The Group ranked first and took up a share of 31.3% for the year ended December 31, 2023.

Market Share of Top Five High-purity Level Gold Jewellery Brands in the PRC, by High-purity Level (999.9‰ and above) Gold Jewellery Revenue (2023)

Ranking	Company	Listing Status	Market Share
1	The Group	Private	31.3%
2	Company H ⁽¹⁾	Private	12.0%
3	Company J ⁽²⁾	Private	11.1%
4	Company K ⁽³⁾	Private	8.3%
5	Company L ⁽⁴⁾	Private	6.2%
	Top 5		68.8%

Source: Frost & Sullivan

Notes:

- (1) It is a famous jewellery brand that features gold, diamonds, colored gems, platinum, and K gold jewellery as its main products.
- (2) It is a well-known gold jewellery manufacturers and suppliers in the PRC. It mainly engages in the design, processing, wholesale and retail of gold, diamond, colourful gems and jade jewellery.
- (3) It is a well-known gold jewellery enterprise in the PRC. It mainly engages in the design, manufacturing, and sales of gold jewellery.
- (4) It is a well-known gold jewellery enterprise in the PRC. It mainly engages in processing, wholesale, retailing and recycling of gold jewellery products.

DIRECTORS’ CONFIRMATION

Our Directors confirm that, after making reasonable inquiries, there is no material adverse change in the market information since the date of the Frost & Sullivan Report, which may qualify, contradict, misrepresent or otherwise adversely affect the accuracy and completeness of the information in this section in material respects.