



Industry Report of the Precious Metal Watches, Partial Precious Metal Watches, and Precious Metal Jewellery and Accessories Markets

To: The recipients as set out under Schedule 1
For and on behalf of China Insights Consultancy

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CIC introduction, methodologies, and assumptions

China Insights Consultancy is commissioned to conduct research on, provide an analysis of, and produce a report on China's precious metal watches, partial precious metal watches, and precious metal jewellery and accessories industries. The report commissioned has been prepared by China Insights Consultancy independent of the influence of the Group and other interested parties.

China Insights Consultancy's primary services include industry consulting, commercial due diligence, and strategic consulting to both institutional investors and corporations. Its consulting team has been tracking the latest market trends in the fields of chemicals, healthcare, consumer goods, environment, industry, energy, transportation, agriculture, e-commerce, finance, etc., and has the most relevant and insightful market intelligence in the above-mentioned industries.

China Insights Consultancy conducted both primary and secondary research using a variety of resources in the completion of this report. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as National Bureau of Statistics of China, China Horologe Association, China Gold Association, Shanghai Gold Exchange, Gems & Jewellery Trade Association of China, and the internal database of China Insights Consultancy.

The market projections in the commissioned report are based on the following key assumptions: (i) the overall China's social, economic, and political environment is expected to maintain a stable trend during the forecast period; (ii) the key industry drivers are likely to continue to drive the growth in each market during the forecast period, and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected either dramatically or fundamentally during the forecast period.

All statistics are reliable and based on information available as of the date of this report. Other sources of information, including those from the government, industry associations, or market participants, may have provided some of the information on which the analysis or its data is based.

All the information regarding the Company has been sourced from the Company's audited report or management interviews. The information concerning and provided by the Company has not been independently verified by China Insights Consultancy.

Abbreviations

Abbreviations

CAGR	Compound Annual Growth Rate 复合年增长率
CNC	Computer Numerical Control 计算机数值控制
GDP	Gross Domestic Product 国内生产总值
GMV	Gross Merchandise Value 商品交易总额
GPS	Global Positioning System 全球定位系统
IP	Intellectual Property 知识产权
IT	Information Technology 信息技术
K	Karat 克拉
NO	Number 数字
ODM	Original Design Manufacturer 原始设计制造商
OEM	Original Equipment Manufacturer 原始设备制造商
R&D	Research and Development 研究与试验发展
RMB	Renminbi 人民币
UAE	The United Arab Emirates 阿拉伯联合酋长国
U.S.	The United States 美国
USD	United States Dollar 美元
VAT	Value-added Tax 增值税

Terms(1/2)

Terms			
China Gems & Jewellery Trade Association	中国珠宝玉石首饰行业协会	National Technical Committee on Watch Standardization	全国专业标准化技术委员会
China Gold	中国黄金	People's Bank of China	中国人民银行
China Horologe Association	中国钟表协会	Shanghai Customs	上海海关
Euronext Paris	巴黎泛欧交易所	Shanghai Diamond Exchange	上海钻石交易所
Fitbit	菲梵	Shanghai Gold Exchange	上海黄金交易所
General Administration of Customs	中国海关总署	State Administration for Market Regulation	国家市场监督管理总局
High net worth individuals	高净值人群	State Taxation Administration	国家税务总局
Hong Kong Stock Exchange	香港证券交易所	The COVID-19 pandemic	新型冠状病毒
HUAWEI	华为		
Ministry of Industry and Information Technology of the People's Republic of China	中国工业和信息化部		
National Development and Reform Commission	国家发展改革委员会		
National Technical Committee on Watch Standardization	全国专业标准化技术委员会		
Ministry of Industry and Information Technology of the People's Republic of China	中国工业和信息化部		

Terms(2/2)

Terms

14K gold

Refers to alloy material with gold content of 58.50%, according to QB/T 4160-2023

18K gold

Refers to alloy material with gold content of 75.00%, according to QB/T 4160-2023

24K gold

Refers to alloy with gold content of 99.90% or above, according to the PRC National Standard No. GB11887. It can be expressed as Au999. 24K gold is highly valuable and prized for its rich, lustrous yellow colour, as well as its softness and malleability.

assembling or assembly

Process of fitting together the components of a product.

Au9999

Refers to gold and alloys with gold content of 99.99% or above, which is a common standard for denoting gold purity adopted by the Shanghai Gold Exchange

Bezel

the bezel refers to a component of the watch case kit, according to GB/T 31896-2015

All parts, components, and assemblies attached to the movement that serve functions such as protection, fixation, and control of the movement, including but not limited to the watch case, dial, hands, and bracelet, according to GB/T 31896-2015. The casing includes watch case kit, watch display kit and watch bracelet kit as shown in the following diagram:



Casing

Dual-wearable
ex-factory price
g

A wearing method where the watch case, internal components, and strap can be freely detached and reassembled.
The selling cost of goods from the vendor's factory.
Gram.

GB/T 38020.1-2019

GB/T 38020.1-2019 Watch-cases and accessories – Gold alloy coverings-Part 1: General requirements, issued by State Administration for Market Regulation and the Standardization Administration of China in August 2019

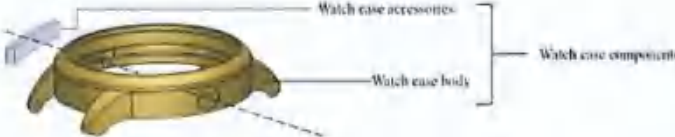
GB/T 31896-2015

GB/T 31896-2015 Classification, terminology and numbering for parts and assemblies of the time measuring instruments – Watch casings, issued by the former General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardization Administration of China in September 2015

GB/T 9820.2-2008

GB/T 9820.2-2008 Horological vocabulary. Part 2: Technical and commercial definitions, issued by the former General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardization Administration of China in 39630

Terms(2/2)

Terms	
Gold bullion or gold bar	Refers to high purity gold metal bulk as primarily sold in bulk as an investment instrument for investors to hedge against currency, inflation and geopolitical risks, and is fundamentally different from precious metal watches-gold or gold accessories which are primarily sold as consumable goods
HV	The unit of Vickers hardness, where H stands for Hardness and V for Vickers
Mechanical movement	A movement which uses the power from a wound spring and keeps time by utilising energy from the tension of the spring to power a set of gears
OBM	Original brand manufacturing, where a manufacturer develops and owns the design of a product which is marketed and sold under such manufacturer's own brand name.
QB/T 4160-2023	QB/T 4160-2023 Watches with jewels and precious metal alloys, issued by Ministry of Industry and Information Technology of the People's Republic of China in April 2023 39630
Quartz movement	A movement which utilises power from a small battery to keep time
Smart precious metal jewellery and accessories	Smart jewellery and accessories crafted from precious metals, such as gold and platinum
Vickers hardness number	The numerical result of the Vickers hardness test, which is a method to measure the hardness of metal materials
Watch case	The main component of the watch case components, which consist of the watch case body and watch case accessories, i.e. ornamental components such as decorative inserts and studs, according to GB/T31896-2015. The main component of the watch case components, which consist of the watch case body and watch case accessories, i.e. ornamental components such as decorative inserts and studs, according to GB/T31896-2015. A diagram of the watch case body as part of the watch case components is as follows:
Watch case body	
Watch case kit	a type of component in the watch's casing, including watch case components, bezel components, watch glass components, crown components, pusher components, case back components, and others (i.e. gasket, protective cover, movement holder, and screw), according to GB/T 31896-2015 39630
Watch crown	Knob located on the outside of the watch dial or face and used for winding the watch. It is also used for setting the hands of the watch to the right time
Watch dial	The plate of metal or other material bearing various markings to show the hours, minutes and seconds, commonly known as the face of a watch
Watch movement	The completed individual mechanism contained inside the case of a watch, not including the watch casing or watch dial itself, which is responsible for time keeping



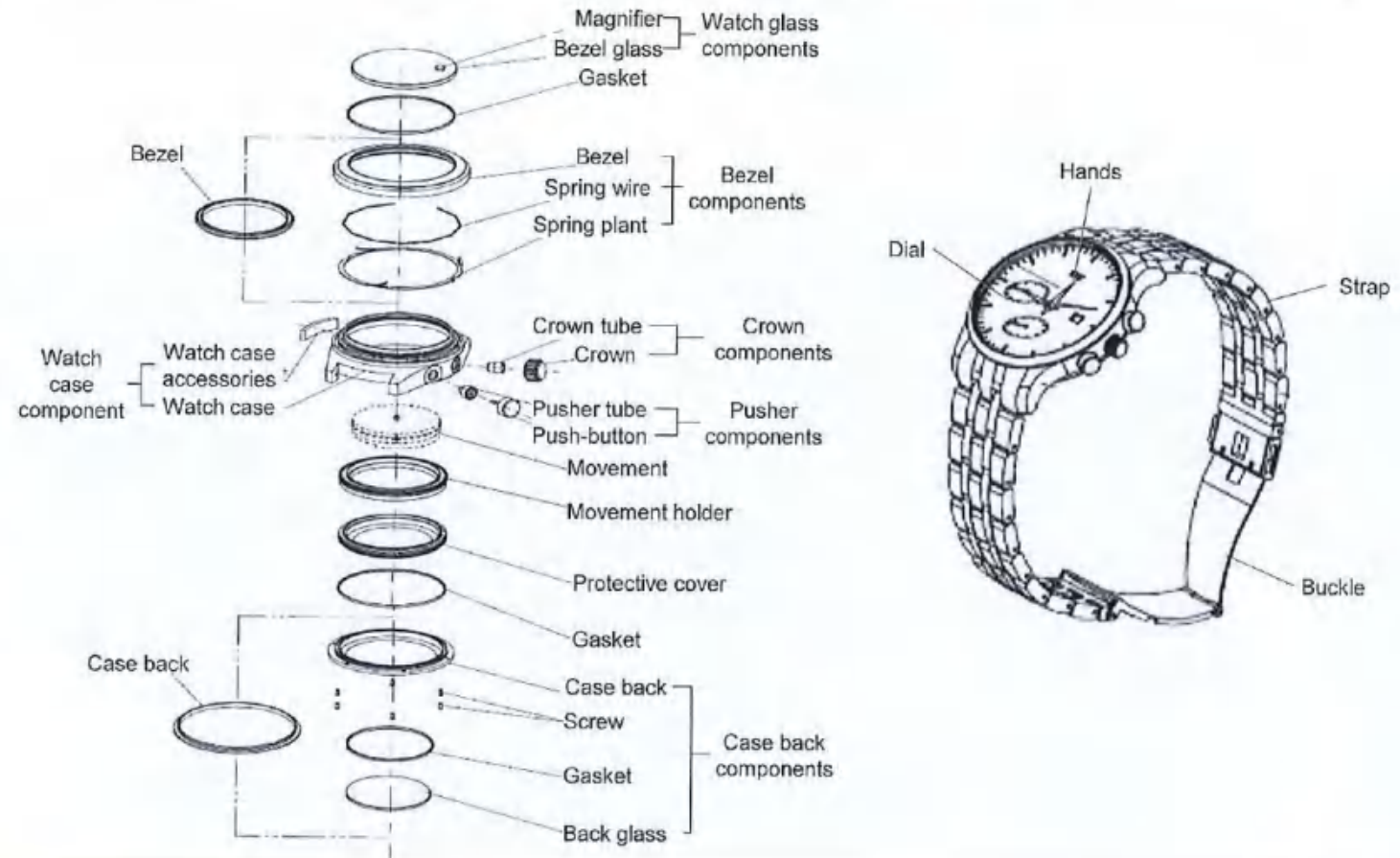
1 Overview Of China's Watch Industry

The watch is a portable timepiece designed to be mainly worn on the wrist, which contains diverse components

Definition of the watch

- The watch is a portable timepiece designed to be mainly worn on the wrist, primarily used to track time. The watch often includes features such as the display of dates and chronograph functions and combines functionality and aesthetic design, serving as a timekeeping tool and a symbol of status.
- The watch comprises several key components, including the case, dial, movement, crown, crystal, and strap. The case is the outer shell that houses and protects the internal components of a watch. It is typically made from materials like precious metals, stainless steel, or ceramic, etc. It is common for watch cases to be made from a combination of materials, rather than being composed of a single material.

Major components of the watch



The watch can be categorised in various ways, including by application of precious metal and their alloys in watch casing, with or without smart features, movement type, brand origin and retail price range

By the application of precious metal and their alloys in watch casing

Precious metal watches

Watches with watch case body entirely made of precious metal and their alloys according to QB/T 4160-2023.

Partial precious metal watches

Watches with precious metal and their alloys used in the partial of watch case body or other casing according to QB/T 4160-2023.

Watches with precious metal and their alloys coverings

Watches with watch casing featuring coverings (not exceeding 300 micrometers in thickness) of precious metal and their alloys. This category includes, among others, gold-capped watches (with a covering between 200 and 300 micrometers in thickness), gold-plated watches (with a covering between 5 and 80 micrometers in thickness), etc., according to GB/T 38020.1-2019.

Watches without precious metal and their alloys

The watch with watch casing not containing precious metal and their alloys, and not having coverings of precious metal and their alloys.

By with or without smart features

Smart watches are watches that combine traditional time display functions with interaction and information processing capabilities. In addition to showing the time, smart watches integrate compact computer capabilities, with features such as fitness tracking, GPS navigation, and the ability to run applications.

Non-smart watches or traditional watches are watches that do not possess interaction and information processing capabilities. Non-smart watches primarily serve the purpose of timekeeping, and may emphasise craftsmanship, aesthetics, and brand heritage in their design.

The watch can be categorised in various ways, including by application of precious metal and their alloys in watch casing, with or without smart features, movement type, brand origin and retail price range

By movement type



Mechanical watches are timepieces powered by mechanical movements, which rely on a main spring to drive the gears and hands of the watch.



Quartz watches are timepieces equipped with quartz movements, which use a battery as their power source.



Electronic watches are timepieces equipped with electronic movements. These watches typically feature a liquid crystal display, which receives precise pulses from an integrated circuit to accurately show the information on the display.

By brand origin



Domestic brand's watches refer to timepieces designed and produced by watch brands that are founded in China.



Foreign brand's watches refer to timepieces produced by watch brands that originate from foreign countries outside of China. These watches are typically imported and are often associated with reputation of their country of origin.

By retail price range

Mass-market watches, priced under RMB3,000 per unit, are designed for the mass market, offering basic functionality and simpler designs.

Mid-range watches fall within the price range of RMB3,000 to RMB10,000 per unit. These timepieces balance quality, functionality, and affordability.

High-end watches, are luxury timepieces typically priced above RMB10,000 per unit. High-end watches are associated with renowned watchmakers, exceptional craftsmanship, and heritage, making them status symbols and collectors' items.

The Chinese watch industry has undergone a remarkable evolution, transitioning from a nascent sector reliant on imports into a sophisticated industry capable of producing high-quality watches

Milestones of the watch industry in China

- Since its inception in the mid-20th century, the industry has experienced significant growth. In the 1960s and 1970s, substantial government investment led to the establishment of state-owned factories in key cities such as Tianjin, Beijing, and Shanghai. These facilities prioritised mass production, and by the late 1970s, China had emerged as a major producer of mechanical watches, although their quality still lagged behind Western standards.



- The 2000s marked a pivotal period for the Chinese watch industry. With the rapid expansion of China's economy, there was a corresponding rise in demand for high-end goods, including premium watches. During this time, Chinese brands began to enhance their technological capabilities and refine their design aesthetics, resulting in the production of more sophisticated premium watches. Furthermore, Chinese brands' role in the watch supply chain became increasingly prominent, acting as a key hub for both manufacturing and assembly.

- Since 2010, the rise of smart watches has further diversified the market. During this era, Chinese watch brands have steadily gained recognition among consumers. The "Made in China" label has gradually moved away from earlier associations with low-cost, low-quality goods, with certain Chinese watchmakers now regarded as noteworthy participants in the industry.



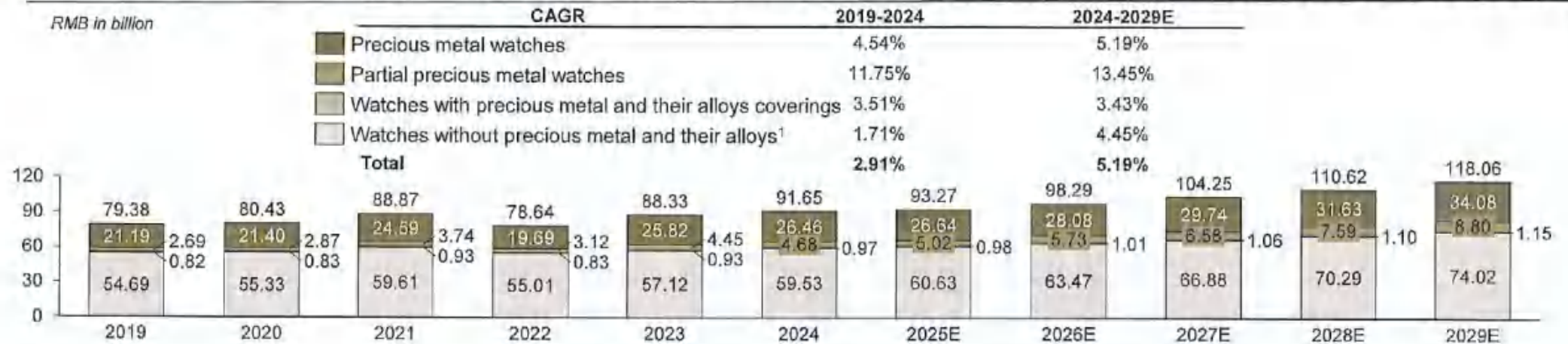
Initial stage
Before 2000s

Development stage
2000-2010

Fast-growth stage
2010-now

China's watch market size in 2024 was RMB91.65 billion, representing a CAGR of 2.91% from 2019 to 2024

Market size of the watch industry, by the application of precious metal and their alloys in watch casing, in terms of GMV, China, 2019–2029E



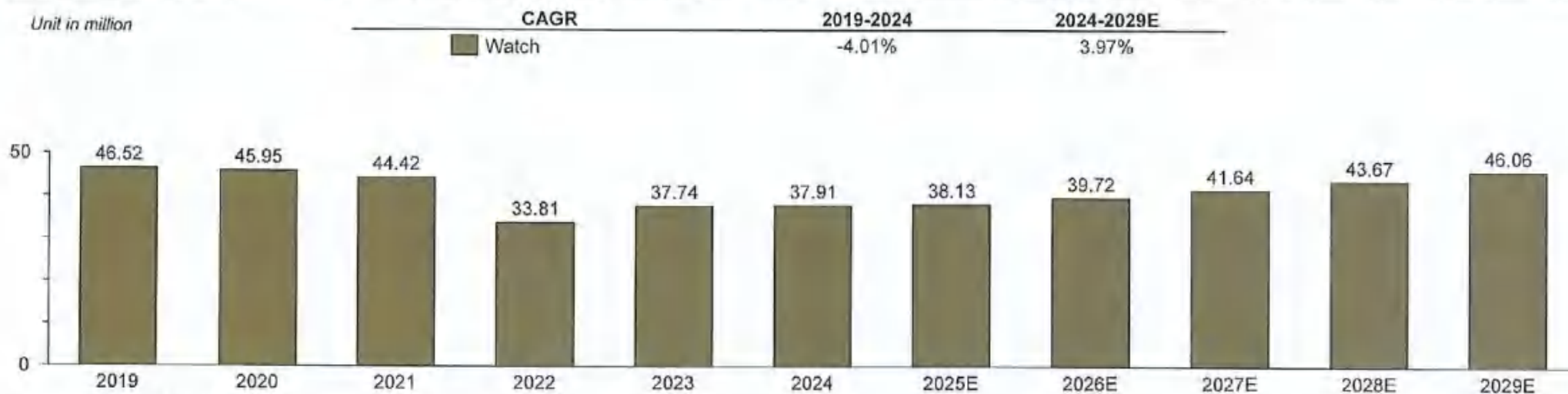
Key analysis

- The market size of the watch industry in China was RMB79.38 billion in 2019 and increased to RMB88.87 billion in 2021 in terms of GMV. In 2022, the effects of the COVID-19 pandemic, particularly strict lockdowns and travel restrictions, severely impacted retail sales and led to an overall decline to RMB78.64 billion in China's watch industry. In 2023, as the impact of the pandemic gradually waned and consumer demand recovered, the Chinese watch market experienced a resurgence and reached RMB88.33 billion in terms of GMV. China's watch market size reached RMB91.65 billion in 2024 in terms of GMV.
- Consumers in first-tier cities usually favour foreign watch brands or high-end watch brands as these brands have allocated substantial promotional resources to first-tier cities, with the majority of their sales networks strategically positioned there. Consumers in lower-tier cities are more inclined to purchase watches with better value propositions, making significant contributions to China's mass-market watch segment. Chinese consumers' diverse lifestyles have shaped their preferences for watches. For example, techsavvy individuals especially the younger generation prioritise functionality and innovation, and have spurred the growth of the smart watch segment. The increase in disposable income has in general boosted consumer spending on watches while elevating their expectations for timepieces. Between 2019 and 2024, the disposable income per capita in China rose from RMB30.73 thousand to RMB41.31 thousand. Greater purchasing power has heightened consumers' focus on design, craftsmanship, and brand influence, and drove the market growth of the mid-range and high-end watch segments, and in turn China's watch industry. The market size is projected to reach RMB118.06 billion by 2029, indicating a CAGR of 5.19% from 2024 to 2029.

Note: 1. Watches without precious metal and their alloys include stainless steel watches, ceramic watches, carbon fibre watches, etc.

China's watch market size in 2024 by sales volume was 37.91 million and is expected to increase to 46.06 million at a CAGR of 3.97% from 2024 to 2029

Market size of the watch industry, in terms of sales volume, China, 2019-2029E

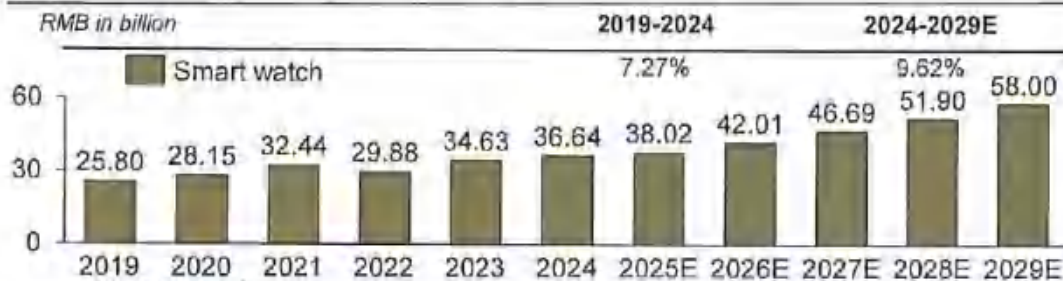


Key analysis

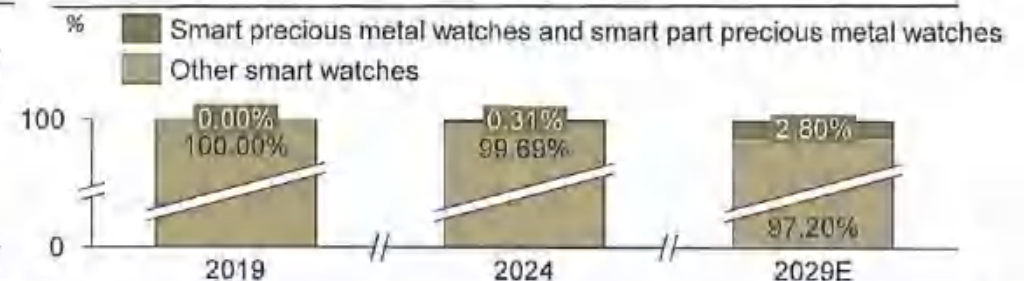
- Affected by the COVID-19 pandemic lockdowns and travel restrictions, the sales volume of China's watch market has a slight decline from 2019 to 2024, with sales volume of 46.52 million in 2019 and 37.91 million in 2024. Amid the COVID-19 pandemic, the reduction in consumer purchasing power and the waning demand for certain categories of traditional non-smart watches, such as those manufactured from stainless steel or plastic, partially outweighing the increasing demand for high-end and fashionable non-smart watches, which have resulted in a decline in sales volume within China's watch industry from 2019 to 2022. China's economy is expected to recover as logistics and travel restrictions are lifted and offline shopping malls resume operations. Offline watch sales volume and overall consumer spending are expected to resume steady growth. It is estimated that the sales volume of China's watch market is predicted to be 46.06 million in 2029, and the projected CAGR from 2024 to 2029 is 3.97%. consumers predominantly favor offline purchasing for high-value, precious metal and partial precious metal products, primarily because physical retail environments offer critical advantages that online platforms cannot fully replicate.
- The market size of China's precious metal watches, in terms of GMV, was RMB26.46 billion in 2024, which had grown at a CAGR of 4.54% from 2019 to 2024, and it is expected to reach RMB34.08 billion in 2029, representing a CAGR of 5.19% from 2024 to 2029. In terms of sales volume, it was 1.54 million in 2024 and is estimated to grow to 1.76 million in 2029, with a CAGR of 2.68% from 2024 to 2029. The market size of partial precious metal watches, in terms of GMV, was RMB4.68 billion in 2024, which had grown at a CAGR of 11.75% from 2019 to 2024, and it is expected to reach RMB8.80 billion in 2029, representing a CAGR of 13.45% from 2024 to 2029. In terms of sales volume, it was 0.84 million in 2024 and is estimated to grow to 1.52 million in 2029, with a CAGR of 12.62% from 2024 to 2029.

China's smart watch market has experienced rapid growth in recent years, with a market size of RMB36.64 billion in 2024, in terms of GMV

Market size of the smart watch industry, in terms of GMV, China, 2019-2029E



Market size breakdown of smart watch industry, in terms of GMV, China, 2019-2029E

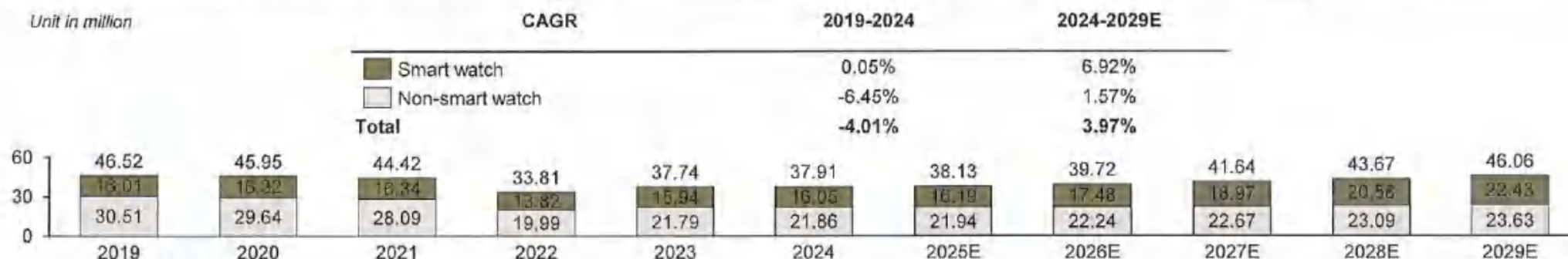


Key analysis

- As consumers are increasingly interested in tracking their fitness and health metrics, and the demand for smart wearables increases, China's smart watch market has experienced rapid growth in recent years. In 2019, the market size was RMB25.80 billion and reached RMB36.64 billion in 2024 in terms of GMV, with a CAGR of 7.27% during the period. In 2029, the smart watch industry's market size in China is expected to reach RMB58.00 billion, while its CAGR is estimated to be 9.62% from 2024 to 2029.
- The incorporation of precious metals into smart watches exemplifies leading-edge design and elegance while at the same time delivering an advanced and intelligent experience to users. As technological advancements in wearable devices continue to progress and the consumer demand for products that harmonise precious metals and technology steadily increases, the markets for smart precious metal watches and smart partial precious metal watches are experiencing rapid expansion, with substantial growth potential in the future. The market size of smart precious metal watches and smart partial precious metal watches in China in terms of GMV is expected to increase from RMB0.11 billion in 2024 to RMB1.62 billion by 2029, with a CAGR of approximately 70% from 2024 to 2029. Partial precious metal watch-24K gold is the first partial precious metal watch category to incorporate smart features, and more categories of smart precious metal watches and smart partial precious metal watches may appear in the future. As the consumer base for precious metal watches-gold and partial precious metal watches-gold continues to expand, there is a growing demand for smart features. Advancements in mass production technologies from leading companies, such as gold hardening and weight control, have enabled partial precious metal watches-gold to lead the way as the first partial precious metal watch category to incorporate smart functions.
- In 2024, in terms of GMV, the smart precious metal watch and smart partial precious metal watch's market share in China's smart watch market reached 0.31%. In China, the smart precious metal watches-24K gold and smart partial precious metal watches-24K gold industries are in their nascent stage, with leading companies actively refining production processes, technological capabilities, and manufacturing efficiency while consistently propelling product innovation. The industries are gradually shifting from a phase of limited categories and varying quality to a fast-growing market distinguished by diverse offerings and a fusion of quality and design excellence. In 2024, in terms of GMV, the smart precious metal watches-24K gold and smart partial precious metal watches-24K gold's market share in China's smart precious metal watches and smart partial precious metal watches market reached 57.31%. In the realm of the smart precious metal watches-24K gold and smart partial precious metal watches-24K gold market, brands that possess substantial production capacities and an extensive network of distribution channels are inherently better positioned to capture a larger share of the market. The ability to undertake large-scale production facilitates prompt responses to market demands, whereas a broad distribution network facilitates the swift nationwide dissemination of smart precious metal watches-24K gold and smart partial precious metal watches-24K gold, thereby ensuring a substantial market presence.

China's smart watch market sales volume was 16.05 million in 2024 and is projected to be 22.43 million in 2029 at a CAGR of 6.92% from 2024 to 2029

Market size of the watch industry, by with or without smart features, in terms of sales volume, China, 2019-2029E



Key analysis

- Impacted by both the COVID-19 pandemic and the growing smart watch market, China's non-smart watch sales experienced a decline from 30.51 million to 21.86 million between 2019 and 2024. With advancements in technology and ongoing design updates, smart watches are increasingly aligning with evolving consumer preferences. Consequently, mid-range and mass-market non-smart watches have experienced a decline in popularity. Consumers are showing a growing preference for smart watches, leading to a significant impact on the sales volume of non-smart watches in China. Conversely, high-end non-smart watches, bolstered by a loyal customer base and robust brand reputation, have demonstrated resilience against this evolving trend. As the replacement of existing inventory coincides with the recovery of consumer purchasing power post the COVID-19 pandemic, the demand for high-end watches is projected to rise with the market size of China's non-smart watch is forecasted to rebound to 22.63 million units by 2029, with the CAGR of 1.57% from 2024 to 2029.
- As an emerging subcategory, China's smart watch market has benefited from continuous technological advancements and enhanced functionalities, driving strong market demand. As a result, the smart watch market size in China, in terms of sales volume, successfully withstood the impact of the COVID-19 pandemic and recorded positive growth from 2024 to 2029.
- The smart watch market size in terms of sales volume in China is the fastest-growing subcategory in China's watch market, which is expected to grow from 16.05 million in 2024 to 22.43 million in 2029 with a CAGR of 6.92% from 2024 to 2029.
- As China's consumers' acceptance of 24K gold continues to rise, the demand for 24K gold watches is expected to grow significantly. Consumers are increasingly drawn to the durability, cultural significance, and value retention of high-purity gold products, which drives more frequent purchases.



2 Overview of China's Precious Metal Watch and Partial Precious Metal Watch Industry

A precious metal watch is a timepiece with watch case body entirely made of precious metal and its alloys according to QB/T 4160-2023

Definition of the precious metal watch

- A precious metal watch is a timepiece with watch case body entirely made of precious metal and its alloys according to QB/T 4160-2023. The precious metals used include gold, platinum, and silver, which are prized for their rarity, aesthetic appeal, and intrinsic value. Precious metal watches not only serve as functional accessories but also as symbols of status and investment assets. The precious metal watch can be categorised based on the precious metals and their alloys used in the watch case body, and can be classified into precious metal watches-24K gold, precious metal watches-18K gold, precious metal watches 14K gold, precious metal watches-platinum, and precious metal watches-silver.
- The precious metal watch can also be categorised by with or without smart features.

Method of categorisation	Subcategory	Description
<p>Precious metal watch</p> <p>By the precious metal and their alloys used in the watch case body</p>	Precious metal watches-24K gold	Watches with watch case body entirely made of 24K gold (足金, with a purity of 999‰ or more). 24K gold is typically unsuitable for direct use on its own in product manufacturing due to its softness and malleability. Therefore, most watch manufacturers usually combine gold with other metals in order to harden it and enable it to be used in massproduction of watches. However, this process typically reduces the purity of gold to less than 99.9%. Given it is challenging to develop gold hardening technologies and apply them in practice, there are currently less than 10 watch manufacturers in China that are able to develop technologies that overcome this technical challenge and meet the group standard T/CGA 41-2023 and has achieved the application of 24K gold in mass watch production in China's watch market. The secondary market for hardened gold in China remains active, with current valuations of hardened gold closely tracking China's spot price of Au9999 in 2024, at approximately 99.81% of China's spot price for Au9999, due to their closeness in terms of gold purity. The Vickers hardness of unhardened 24K gold is between 34-40, while the Vickers hardness of non-24K gold is usually between 120-160. The price range for mainstream precious metal watch-24K gold typically falls between RMB3,000 and RMB10,000, while the price range for other types of precious metal-gold watches is heavily influenced by foreign brands which may range from tens of thousands to hundreds of thousands of RMB; and the significant disparity between the price ranges for precious metal watches-24K gold and other types of precious metal watches-gold is primarily attributable to different factors, such as legacy, prestige and reputation of country of origin, of the brands under the former category, rather than factors such as raw materials used, functionalities and specifications of the watches. When consumers decide to purchase precious metal watches-gold, particularly precious metal watches-24K gold, they typically take into account not only the aesthetic value but also the potential for value retention and investment appeal. These characteristics are unique to precious metal watches-gold and are not shared by other watches within a similar price range, accordingly other type of watches are typically not considered substitutes to precious metal watches-gold.
	Precious metal watches-18K gold	Watches with watch case body entirely made of gold alloy with a gold purity of 75.0%.
	Precious metal watches-14K gold	Watches with watch case body entirely made of gold alloy with a gold purity of 58.5%.
	Precious metal watches-platinum	Watches with watch case body entirely made of platinum and its alloys.
	Precious metal watches-silver	Watches with watch case body entirely made of silver and its alloys.

Precious metal watches-gold

A precious metal watch is a timepiece with watch case body entirely made of precious metal and its alloys according to QB/T 4160-2023

Definition of the precious metal watch

- A precious metal watch is a timepiece with watch case body entirely made of precious metal and its alloys according to QB/T 4160-2023. The precious metals used include gold, platinum, and silver, which are prized for their rarity, aesthetic appeal, and intrinsic value. Precious metal watches not only serve as functional accessories but also as symbols of status and investment assets. The precious metal watch can be categorised based on the precious metals and their alloys used in the watch case body, and can be classified into precious metal watches-24K gold, precious metal watches-18K gold, precious metal watches 14K gold, precious metal watches-platinum, and precious metal watches-silver.
- The precious metal watch can also be categorised by with or without smart features.

Method of categorisation	Subcategory	Description
Precious metal watch	By decoration technique of dials	Enamel watch Enamel watches are high-end timepieces that combine precious metal materials with enamel decoration techniques. Precious metals serve as the base material, and the enamel process, functions as a decorative element. Through the application of high-temperature melted enamel glaze, this process creates unique artistic effects and a distinctive luster.
		Jewellery watch Jewellery setting techniques involve the skillful embedding of jewellery such as diamonds, rubies, and sapphires into various parts of a precious metal watch, including the dial, case, or other components.
		Others Precious metal watches using other dial decoration techniques, including skeletonisation, etc.
	By with or without smart features	Smart precious metal watch Smart precious metal watches not only perform the traditional functions of watches but also integrate compact computer capabilities, with features such as fitness tracking, GPS navigation, and the ability to run various applications.
		Non-smart precious metal watch Non-smart precious metal watches primarily serve the purpose of timekeeping and emphasize craftsmanship, aesthetics, and brand heritage in their design.

A partial precious metal watch is a watch with partial of its watch case body or other component(s) of its casing made of precious metal and its alloys, according to QB/T 4160-2023

Definition of the partial precious metal watch

- A partial precious metal watch is a watch with partial of its watch case body or other component(s) of its casing made of precious metal and its alloys, according to QB/T 4160-2023. The partial precious metal watches also use precious metals including gold, platinum, and silver as raw materials. The partial precious metal watch can be categorised based on the precious metals and their alloys used in the art of watch case body or other casing, and can be classified into partial precious metal watches-24K gold, partial precious metal watches-18K gold, partial precious metal watches 14K gold, partial precious metal watches-platinum, and partial precious metal watches-silver.

Method of categorisation	Subcategory	Description
Partial precious metal watch	By the precious metal and its alloys used in the part of watch case body or other casing	Partial precious metal watches-24K gold Watch with part of its watch case body or other component(s) of its casing made of 24K gold, according to QB/T 4160-2023
		Partial precious metal watches-18K gold Watch with part of its watch case body or other component(s) of its casing made of gold alloy with a gold purity of 75.0%, according to QB/T 4160-2023
		Partial precious metal watches-14K gold Watch with part of its watch case body or other component(s) of its casing made of gold alloy with a gold purity of 58.5%, according to QB/T 4160-2023
		Partial precious metal watches-platinum Watch with part of its watch case body or other component(s) of its casing made of platinum, according to QB/T 4160-2023
		Partial precious metal watches-silver Watch with part of its watch case body or other component(s) of its casing made of silver, according to QB/T 4160-2023

Partial precious metal watches-gold

Taking precious metal watches-gold as an example, the production process of precious metal watches is given as follows

The main precious metal watch's production process



Key analysis

- The manufacturing of watch cases begins with the critical hardening of gold raw materials. Following the hardening treatment, the gold is subject to a vacuum melting process. This specialised melting technique ensures the gold is thoroughly homogenised and free of impurities, creating a consistent and high-quality molten material. The molten gold is then carefully cast into the desired watch case shapes and forms, leveraging expertise in precision casting methods. Part of the cast gold components are then shaped and refined with the use of numerical control and CNC cutting technologies. The manufacturing process then progresses to the metal inlay process, which involves the more precise carving of specific patterns, shapes, or designs onto the surface of the gold components. Other parts of the cast gold components then progress to the moulding, drilling and lasering stages. The final steps in the manufacturing process involve the meticulous polishing of the watch case components to remove any microscopic blemishes or irregularities to unveil the metal's inherent lustre and brilliance.
- Watch movements and dials are procured from specialised suppliers. The installation starts with the positioning of the movement within the watch case, so that the movement is precisely aligned and seated within the case to ensure optimal timekeeping and functionality. Specialised tools and jigs are utilised to guide the movement into its proper place, securing it in position with the utmost care. The watch dial is then placed in order to be aligned with the movement to ensure the accurate display of time. The watch cases then undergo a thorough dedusting process to ensure the internal components are free of any contaminants or debris. The process then proceeds to install the bottom cases, sealing the movement and dial assembly within the watch housing. The next critical step is the vacuum waterproof testing, then conducting a comprehensive series of quality control inspections, which covering timekeeping accuracy, movement function, case fit and finish, and overall aesthetic appeal.
- After the watch case production is completed, the company conducts comprehensive quality inspections on the precious metal watch cases and the outsourced components, containing hardness testing, weight control, and other quality checks to ensure adherence to standards. Following successful component testing, the company advances to the final watch assembly stage, in which the watch case, buckle, strap, and other components are skillfully assembled according to design specifications. Post-assembly, ancillary processes include marking the precious metal weight, cleaning the exterior, preparing precious metal certification, and packaging.
- Upon completion, the watches undergo meticulous testing to verify time accuracy, case strength, and wear resistance. Watches crafted from precious metals are forwarded to the National Gold and Diamond Product Quality Supervision and Testing Center, China's singular national-level authority for gold quality supervision and inspection, recognised for its rigorous standards and reliability in certifying the quality and authenticity of gold and diamond products, for the purpose of material certification and testing. Additionally, the center performs a comprehensive assessment of the final product

The value chain of China's precious metal watch and partial precious metal watch industry includes the following aspects(1/2)

Value chain of China's precious metal watch and partial precious metal watch industry



Key analysis

- The upstream of China's precious metal watch and partial precious metal watch industry includes precious metal suppliers and watch component suppliers. As an industry practice, precious metals are mainly supplied by exchanges and their primary members. Taking gold as an example, purchasing gold and gold leasing are two main ways to obtain gold.
- In case of purchasing gold, the exchanges typically supply the majority of the gold in China. The Shanghai Gold Exchange is the largest gold exchange for gold trading, controlling a large portion of the gold resources. Primary members of the Gold Exchange have the option to conduct transactions either on-site or remotely, and sell the gold from exchanges to watch manufacturers directly. It is common for industry players to procure gold through the two methods as they are complementary to each other, with the brokerage approach providing systematic access to the Shanghai Gold Exchange, while direct purchases allow for more adaptable sourcing strategies. The choice between these approaches depends on factors like timing, market conditions, pricing, and specific procurement needs. Under the model where the Shanghai Gold Exchange serves as the gold supplier, primary members only charge the manufacturers commission fee for purchasing precious metals, while the receipt of the gold is issued by the exchange to the manufacturers. In order to become a primary member, a company is required to have a net asset of at least RMB50 million and be profitable for the last three consecutive fiscal years. These companies are typically engaged in industries related to precious metals or commodities trading. After approval by the board of directors, primary members are required to pay a membership fee of approximately RMB1 million. As of the end of 2023, the majority of primary members of the Shanghai Gold Exchange consist of professional gold investment institutions, financial institutions, and upstream enterprises in the gold industry chain such as mining companies. Therefore, it is considered an industry norm for midstream enterprises, such as the Company, to seek gold supply from primary members. It is consistent with market practice in gold-related industries for market participants to have different amounts between the gold used in production and the gold purchased for a given period of time, since (i) some of the gold purchased may not be used immediately for production and may be stored as inventory for future usage and (ii) some of the gold used in production may be obtained from existing inventories previously purchased. Therefore, it is not appropriate to simply assume that the amount of gold purchased by an entity for a given period of time is equal to the amount of gold used in its production during the same period. Some corporations secure gold supplies through leasing arrangements facilitated by the Shanghai Gold Exchange or its primary members. Among these members, only financial institutions holding bank deposits are authorized to lend gold to non-financial entities, typically those engaged in gold-related activities, such as gold production or manufacturing with gold. Primary members participating in gold leasing are required to provide 24K gold and impose margin charges ranging from 6% to 9% of the contract value. Upon lease expiration, borrowers are obligated to return gold of equivalent quality and quantity, either through purchases from the Shanghai Gold Exchange or from their existing inventory. These leasing transactions generally involve quantities of gold from several tens to hundreds of kilograms, with terms usually limited to 12 months, though contract renewal with the lending institution is an option. The Company's gold leasing arrangements and practices closely align with standard industry practices. Borrowers make lease payments at specified rates, which are comparatively lower than traditional loan rates. Lessees are only required to return the gold, which means they do not face the risk of price fluctuations. Furthermore, this arrangement enhances the traceability of the gold and helps minimise potential issues related to quality and authenticity. As a result, gold leasing has become a popular method for hedging and investing among many gold-related enterprises, increasingly establishing itself as a standard practice in the industry. Consequently, the Company's choice to use gold leasing to secure its gold supply is consistent with prevailing industry standards, as most enterprises obtain 15% to 30% of their annual gold requirements through leasing arrangements. Therefore, the Company's approach is in line with industry norms.
- Watch component suppliers provide essential components such as movements, straps, and dials. The movements are predominantly sourced from Japan or Switzerland, while straps, dials, and other raw materials are sourced from a variety of specialised suppliers. It is common for manufacturers like the Company to engage external manufacturers to process goods.

The value chain of China's precious metal watch and partial precious metal watch industry includes the following aspects(2/2)

Value chain of China's precious metal watch and partial precious metal watch industry (Cont'd)

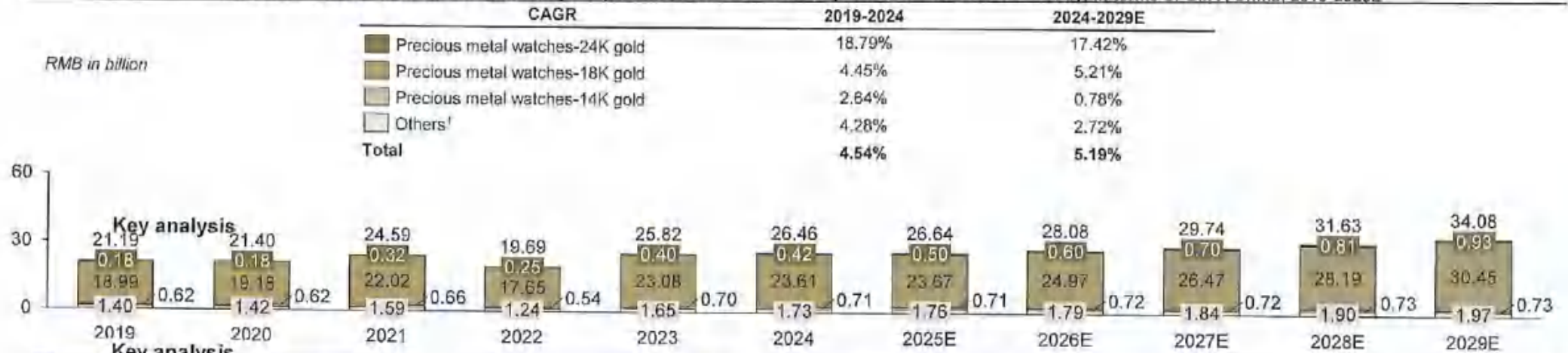


Key analysis(Cont'd)

- The midstream of the precious metal watch and partial precious metal watch industry includes watch brands and watch manufacturers. Foreign watch brands, such as those from Switzerland, Japan, and Germany, typically complete the manufacturing and assembly of their watches at their manufacturing origin before importing them into China for sale. This approach allows them to leverage established expertise in their home countries and maintain their own quality standards. On the other hand, some Chinese precious metal watch and partial precious metal watch brands (who may not have the technical know-how and expertise to carry out their own manufacturing of third-party watches) may choose to outsource production to ODM or OEM. By outsourcing manufacturing and assembly, brands can concentrate on design, marketing, and other strategic areas, leveraging the production capabilities of their ODM or OEM partners, while some Chinese brands rely on in-house manufacturing, handling production, processing, and assembly. This model provides greater control over the watch production process, quality, and brand consistency. In China's precious metal watch and partial precious metal watch production, Shenzhen—known as the "Watch Capital of China"—offers a robust ecosystem with skilled labor and local suppliers, enabling efficient manufacturing and streamlined logistics. Meanwhile, Putian boasts a skilled artisanal workforce and proximity to gold sources, supporting the production of high-quality, bespoke precious metal watches and partial precious metal watches with an optimized supply chain. Additionally, favorable labor and overhead costs in Putian can enhance competitive pricing.
- In China, precious metal watch and partial precious metal watch brands typically reach end consumers through both distribution and direct sales channels, with distribution being the more prevalent model. The utilisation of a core group of primary distributors is a very common business model and is consistent with the general market practice in various industries, such as the precious metal watch, partial precious metal watch and jewellery and accessories industry in China. By leveraging distributors, brands can reduce the costs associated with building their own sales channels. In the distribution model, distributors primarily target retailers specialising in precious metal jewellery and accessories, watch retailers, and luxury retailers. It is a common industry practice among global watch brands not to mandate the final retail prices set by distributors or sub-distributors. Direct sales channels, including self-operated and franchised outlets, enable brands to enhance their brand positioning, cultivate stronger consumer relationships, and obtain valuable feedback while collecting detailed data on consumer purchasing behaviours. Returns and exchanges of precious metal watches and partial precious metal watches are rare and generally occur only in cases of product quality issues. In accordance with industry practices, returns and exchanges typically require approval and assessment by the marketing center. Once approved, the returned or exchanged products undergo reinspection to identify the cause of the quality issue. Based on the findings, solutions such as rework, repair, or scrapping are proposed, and the products are reprocessed and restocked after reinspection. For returns, accounts issue credit invoices based on the quantity and value of the returned products to offset previously recognized revenue. In the case of exchanges, accounts issue invoices and recognize corresponding revenue based on reconciliation statements, including exchange value differences and other order amounts. Therefore, the Company, like other leading industry players, adheres to established industry practices in handling such cases. It is common and reasonable business market practice in the PRC for individually-owned businesses and small-sized enterprises to make and receive payments through third-party payors (which include, but are not limited to, their shareholders, legal representatives in their ordinary course of business since it is common in the PRC for individually-owned businesses and small-sized enterprises to lack sufficient and adequate financial functions and to not have set up corporate bank accounts for business purposes due to convenience, flexibility and cost-saving consideration, and the industry's reliance on trust-based relationships. The Company's third-party payments, accounting for no more than 1% of its annual revenue, are not materially different from industry standards.

The market size of precious metal watches in China, measured in GMV, reached RMB26.46 billion

Market size of the precious metal watches, by the precious metal and their alloys used in the watch case body, in terms of GMV, China, 2019-2029E

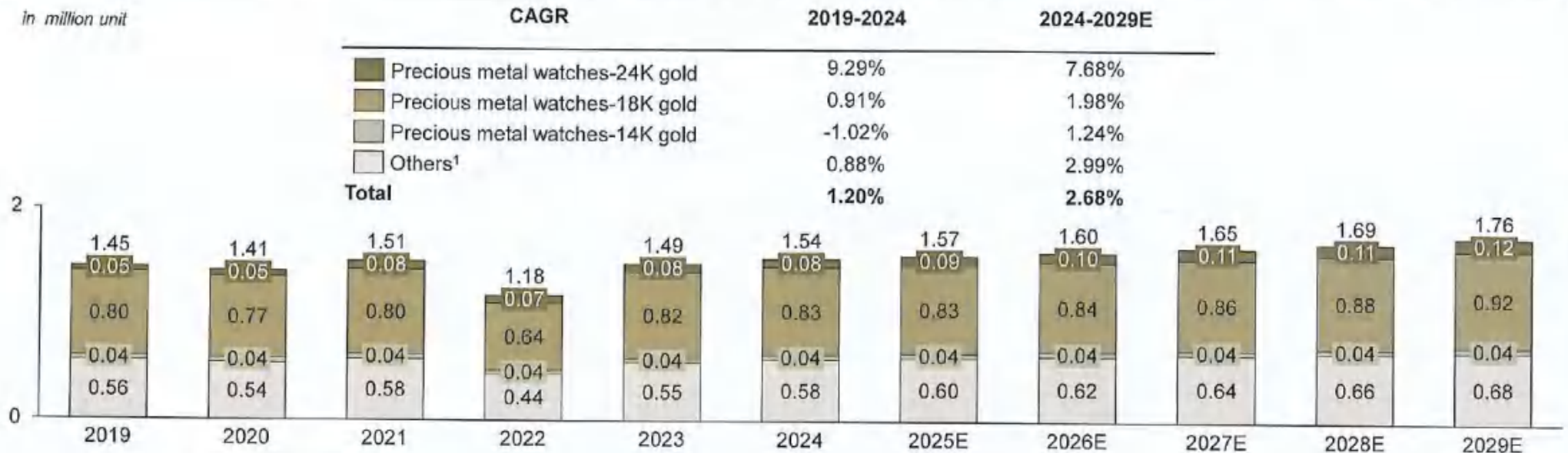


- Key analysis**
- The precious metal watch market size was RMB21.19 billion in 2019, and increased to RMB26.46 billion in 2024 in terms of GMV, indicating a CAGR of 4.54% from 2019 to 2024. The market size of China's precious metal watches industry is expected to arrive at RMB34.08 billion in 2029, with a CAGR of 5.19% from 2024 to 2029. In 2024, China's precious metal watch-gold market achieved a GMV of RMB24.74 billion, accounting for 93.48% of the total GMV of China's precious metal watch market. By 2029, the market size in terms of GMV of China's precious metal watch-gold market is expected to reach RMB32.11 billion (representing a CAGR of 5.36% from 2024 to 2029).
 - The precious metal watches-24K gold market grew faster than the precious metal watches-18K gold and precious metal watches-14K gold markets. In 2019, precious metal watches-24K gold held a market share of 0.89% in terms of GMV within the precious metal watches-gold industry. Its GMV amounted to RMB0.18 billion. By 2024, the market share had increased to 1.68% for GMV, with GMV reaching RMB0.42 billion. The rapid growth of the precious metal watches-24K gold market is largely attributed to the enhanced consumer interest in high-purity gold products given the increasing gold price and the higher investment value of the high-purity gold products in recent years. From 2024 to 2029, the market share of precious metal watches-24K gold when compared with the precious metal watches-gold market as a whole is projected to further expand to 2.89% for GMV, with GMV expected to grow to RMB0.93 billion, reflecting a CAGR of 17.42% during the period.
 - As for precious metal watches-18K gold and precious metal watches-14K gold markets, the precious metal watches-18K gold are more favoured by consumers, primarily driven by foreign brands that have been established in the Chinese market for many years and have conducted extensive market education for this category. The appeal of precious metal watches-14K gold is relatively weaker for consumers seeking high-purity gold for value retention and appreciation. As a result, the competitiveness of precious metal watches-14K gold has been gradually declining in comparison to precious metal watches-18K gold. Accordingly, in China's precious metal watches-18K gold and precious metal watches-14K gold market, precious metal watches-18K gold industry dominate with the larger market share compared with precious metal watches-14K gold industry. In 2024, precious metal watches-18K gold industry accounted for over 97% in terms of the GMV of China's precious metal watches-18K gold and precious metal watches-14K gold industry segment, while precious metal watches-14K gold industry accounted for less than 3%.

Note: 1. Others include precious metal watch-platinum and precious metal watch-silver.

The market size of precious metal watch in China, measured in sales volume, reached 1.54 million

Market size of the precious metal watches, by the precious metal and their alloys used in the watch case body, in terms of sales volume, China, 2019-2029E



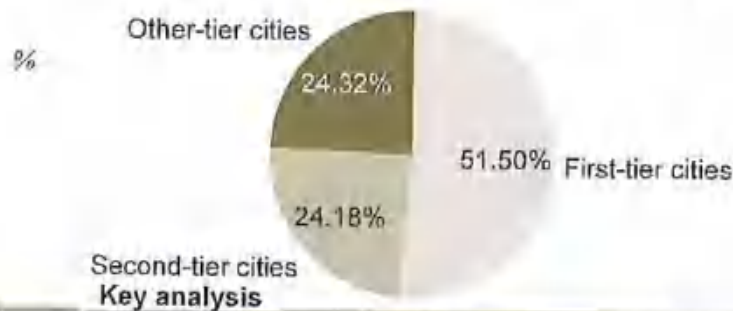
Key analysis

- In terms of sales volume, the precious metal watches market size was 1.45 million unit in 2019, and increased to 1.54 million unit in 2024, indicating a CAGR of 1.20% from 2019 to 2024. In the next five years, sales volume of the precious metal watches in China is expected to reach 1.76 million units by 2029. Among all precious metal watches sold in China in 2024, precious metal watches-18K gold represent the largest share, and precious metal watches-24K gold demonstrates highest growth rate, increasing from 0.08 million units in 2024 to 0.12 million units in 2029 with a CAGR of 7.68% during the period.
- The total sales volume of domestic precious metal watch-gold brands grew from 0.07 million in 2019 to 0.11 million in 2024 (representing a CAGR of 9.11% from 2019 to 2024), and is projected to reach 0.16 million by 2029 (representing a CAGR of 7.77% from 2024 to 2029).

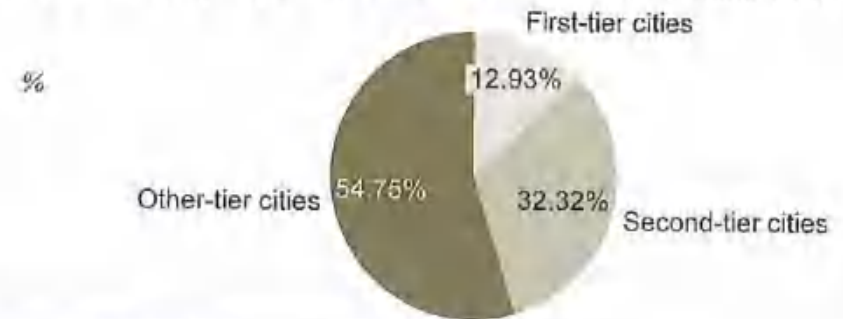
Note: 1. Others include precious metal watch-platinum and precious metal watch-silver.

The market share of domestic brand's precious metal watches-24K gold in other-tier cities reached 54.75% in 2024.

Market size breakdown of the precious metal watches-gold industry, by city tiers, in terms of sales volume, China, 2024



Market size breakdown of the domestic brand's precious metal watches-24K gold industry, by city tiers, in terms of sales volume, China, 2024

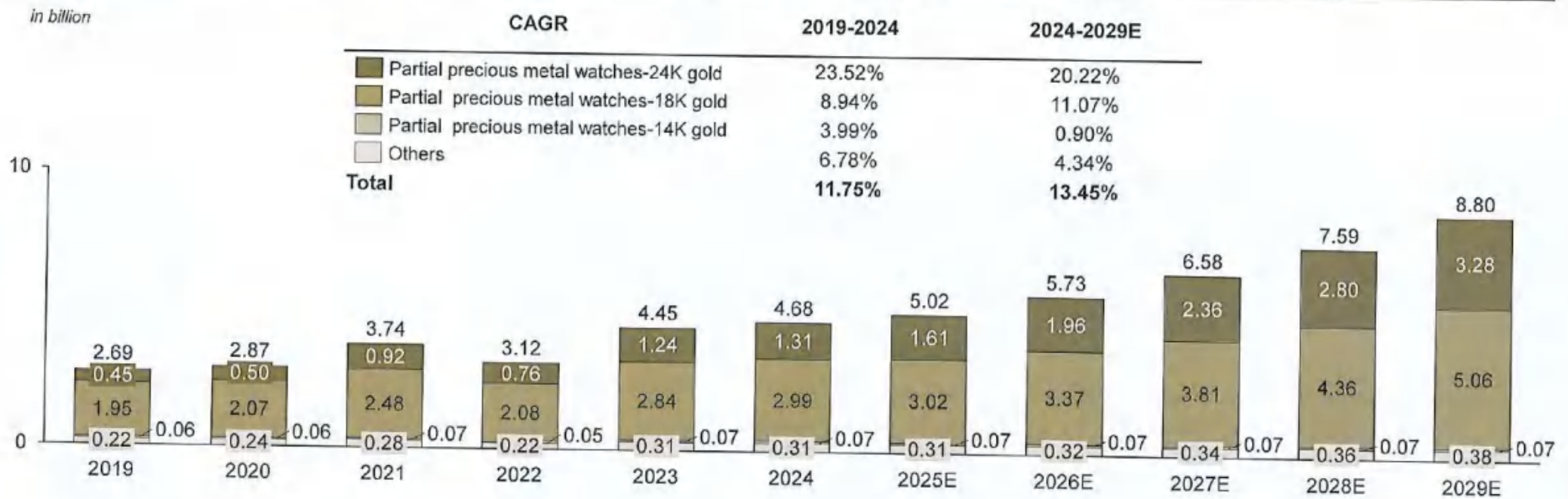


Key analysis

- In the segment of precious metal watch-gold in China, the market share of domestic brands in terms of sales volume has risen steadily over recent years, from 8.14% in 2019 to 11.74% in 2024, and is expected to reach 15.09% by 2029. Domestic brands have differentiated themselves by innovating the precious metal watch-24K gold category and leveraging technological advancements. This has satisfied the demand among Chinese consumers at affordable prices, and allowed domestic brands to pursue differentiated competition with foreign brands, most of which offer precious metal watches-18K gold.
- In 2024, the market share of first-tier cities' sales volume for precious metal watches-gold was approximately 51.50% in China's precious metal watches-gold market, while second- and other-tier cities' shares were approximately 24.18% and 24.32%, respectively. Although first-tier cities constitute a higher proportion of China's precious metal watch-gold sales volume, the interest shown for precious metal watches-24K gold are more pronounced in third-tier and lower-tier cities. In China, precious metal watches-24K gold are mainly offered by domestic brands. In China's domestic brand's precious metal watches-gold market in 2024, the market share of first-tier, second-tier, and other-tier cities was 12.93%, 32.32%, and 54.75%, respectively, in terms of sales volume. These watches can effectively satisfy the demand for gold products among consumers in these cities at a price level aligned with local purchasing power. The retail price range for mainstream precious metal watches-24K gold offered by domestic brands typically falls between RMB3,200 and RMB11,000 in 2024. This is more attainable for consumers in third-tier and lower-tier cities, where the per capita disposable income in 2024 was RMB31.02 thousand, less than half of that in first-tier cities at RMB65.77 thousand. In contrast, foreign brands' precious metal watches-gold, often priced in the tens or even hundreds of thousands of RMB, far exceed the typical spending capacity in these markets, making precious metal watches-24K gold from domestic brands a more suitable and compelling option. Moreover, foreign brands tend to concentrate their marketing and retail presence in first-tier cities, with limited physical store footprint in lower-tier markets. This centralised store network and channel strategy in high-tier cities makes foreign brands' watches less accessible in lower-tier markets. In contrast, domestic brands' watches have established broader distribution networks across all city tiers. These brands often partner with local jewellery retailers, improving product accessibility and visibility, resulting in the notable interest of domestic brand's precious metal watches-24K gold in second- and lower-tier cities.
- In China's partial precious metal watches market, domestic brands are primarily active in the partial precious metal watch-gold watches segment, which represented approximately 79% of the partial precious metal watches market in 2024 in terms of sales volume. Within the partial precious metal watch-gold watches market, the market share of domestic brands in terms of sales volume has increased from 34.28% in 2019 to 51.40% in 2024, while the market share of foreign brands decreased to 48.60% in 2024. This was primarily driven by the domestic brands' rising presence in the partial precious metal watch-24K gold segment, the market share of which increased to 88.71% in 2024, while the market share of foreign brands in the partial precious metal watch-24K gold segment was 11.29%. Domestic brands have pursued a differentiated strategy by actively developing partial precious metal watches-gold, a category that foreign brands have not traditionally prioritised and developed, to target domestic demand for such watches based on their better understanding of local preferences and thereby enabling them to capture a growing share of the market.

The market size of partial precious metal watches in China, measured in GMV, reached RMB4.68 billion

Market size of the partial precious metal watches, by the precious metal and their alloys used in the watch case body, in terms of GMV, China, 2019-2029E



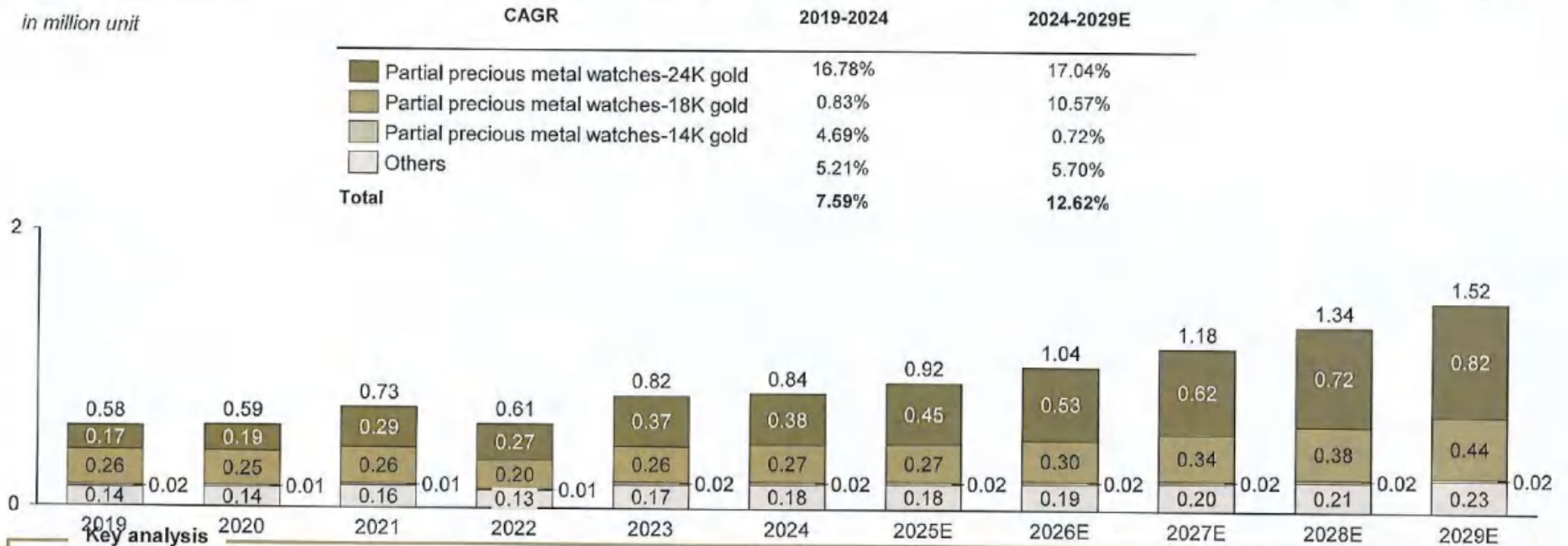
Key analysis

- China's partial precious metal watches market size was RMB2.69 billion in 2019, and increased to RMB4.68 billion in 2024 in terms of GMV, indicating a CAGR of 11.75% from 2019 to 2024. The market size of China's partial precious metal watches industry is expected to increase to RMB8.80 billion in 2029, with a CAGR of 13.45% from 2024 to 2029.

Note:1. Others include partial precious metal watch-platinum and partial precious metal watch-silver.

The market size of partial precious metal watches in China, measured in sales volume, reached 0.84 million

Market size of the partial precious metal watches, by the precious metal and their alloys used in the watch case body, in terms of sales volume, China, 2019-2029E

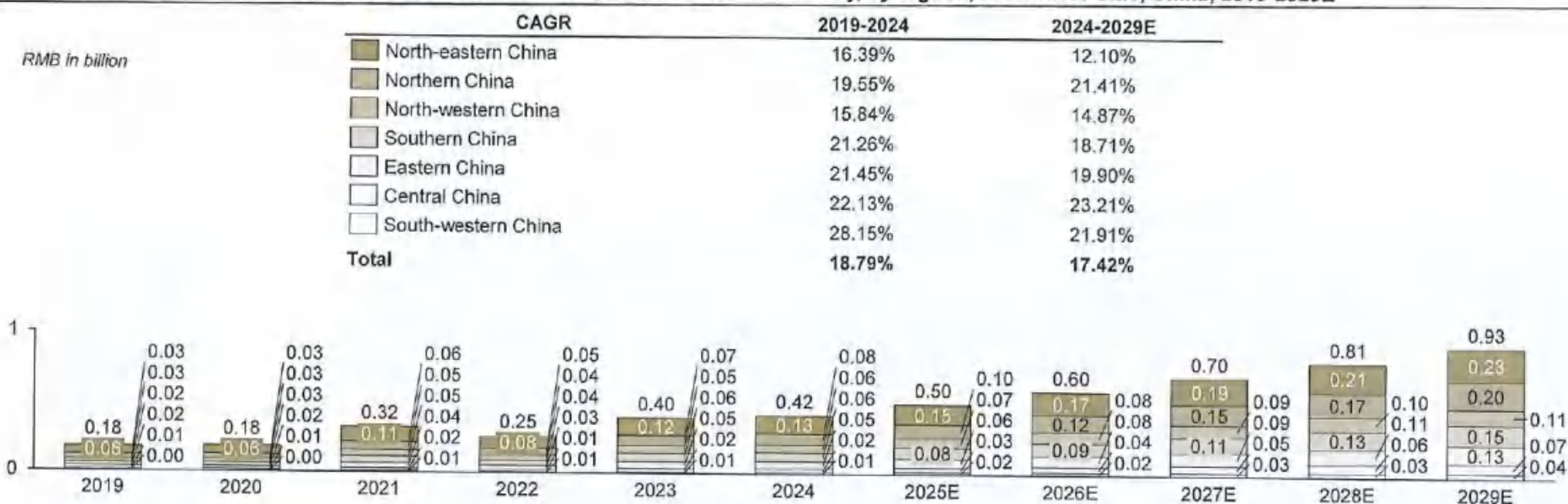


- In terms of sales volume, China's partial precious metal watches sales volume was 0.58 million in 2019, and grew to 0.84 million in 2024, representing a CAGR of 7.59% from 2019 to 2024. The sales volume of China's partial precious metal watches industry is expected to increase to RMB1.52 million in 2029, with a CAGR of 12.62% from 2024 to 2029.

Note: 1. Others include precious metal watch-platinum and precious metal watch-silver.

North-eastern China is the largest market for precious metal watches-24K in China in 2024, with a market size, in terms of GMV, of RMB0.13 billion

Market size of the precious metal watches-24K industry, by region¹, in terms of GMV, China, 2019-2029E



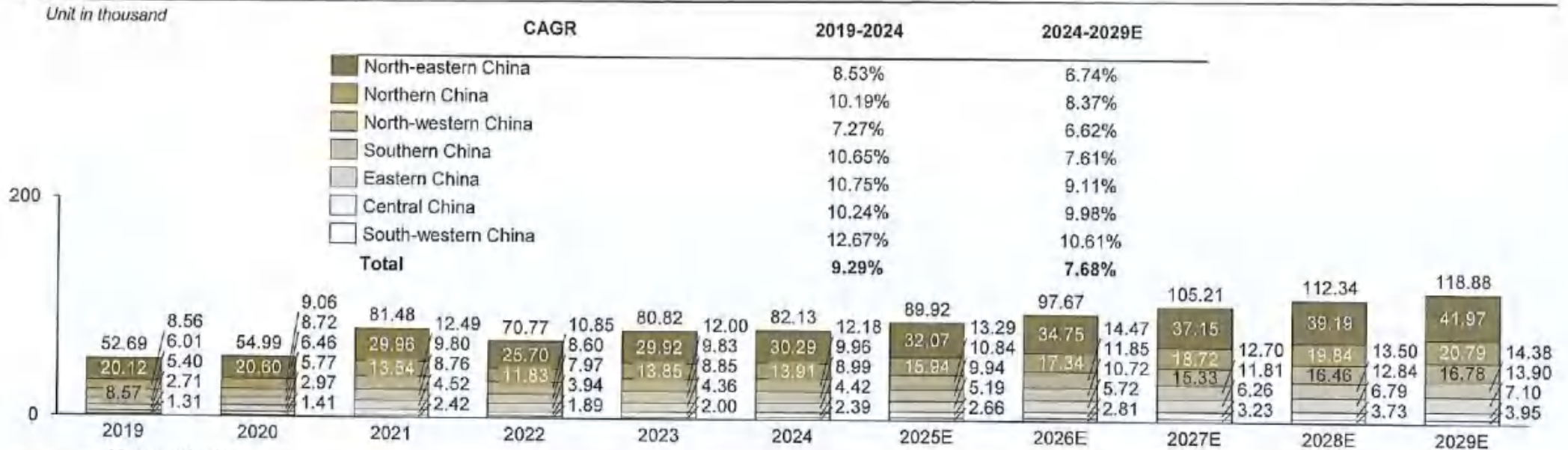
Key analysis

- In China's regional consumption distribution of 24K gold watches, in terms of GMV, the overall consumption in northern China, including Northern, Northern-west, and North-eastern China, is higher than that of southern regions. Moreover, given the pronounced gold culture in northern regions in China, consumers there exhibit a higher propensity to purchase precious metal watches-gold, particularly precious metal watches-24K gold. In 2024, north-eastern China, northern China and north-western China ranked first, second and fourth in terms of regional precious metal watches-24K gold consumption by GMV in China, with their combined market share approximately 65%, significantly contributing to China's precious metal watches-24K gold market. In terms of GMV, the figure of these regions is expected to grow at a CAGR of over 10% from 2024 to 2029.
- The growth potential in Northern China, Eastern China, Southern China and Central China is more pronounced. These regions, with their stronger economic power and steadily rising consumer spending, are expected to experience faster growth in the precious metal watches-24K market from 2024 to 2029.

Note:1. See page 55 for regional classification

North-eastern China is expected to be the region with the highest sales of precious metal watches-24K in China in 2029, with a forecast sales volume of 41.97 thousand precious metal watches-24K in 2029

Market size of the precious metal watches-24K industry, by region, in terms of sales volume, China, 2019-2029E



Key analysis

- In the regional distribution of gold watch sales volume in China, the northern regions continue to outperform the southern regions. As of 2024, North-eastern China remains the largest market for precious metal watches-24K in China. This regional distribution also applies to the precious metal watches-24K market in China. Due to the lower economic development and consumer spending power in North-eastern China compared to Northern China, Eastern China, Southern China, and Central China, its market size from 2024 to 2029 is relatively low. The precious metal watches-24K market size in China, in terms of sales volume, experienced varied growth rates across different regions from 2019 to 2024. North-eastern China continued to maintain its status as the largest precious metal watches-24K market in terms of sales volume, reaching a market size of 12.18 thousand in 2024, with a CAGR of 7.53% from 2019 to 2024.
- Additionally, Northern China is the second largest precious metal watches-24K market in China, and its market size, in terms of sales volume, is projected to reach 20.79 thousand in 2029, with a CAGR of 8.37% from 2024 to 2029.

As common raw materials for precious metal watchmaking, China's spot prices of Au9999 gold rose from RMB309.21 in 2019 to RMB557.16 in 2024

Spot prices of Au9999 gold, platinum and silver, Global, 2019-2024

RMB per gram	CAGR		2019-2024			
— Spot price of Au9999 gold			9.86%			
— Spot price of platinum			1.90%			
— Spot price of silver			11.25%			
	339.31	430.50	409.14	427.78	434.50	543.10
	199.65	205.48	250.38	220.35	222.01	219.36
	3.73	4.76	5.78	5.00	5.08	6.36
	2019	2020	2021	2022	2023	2024

Spot prices of Au9999 gold, platinum and silver¹, China, 2019-2024

RMB per gram	CAGR		2019-2024			
— Spot price of Au9999 gold			12.50%			
— Spot price of platinum			2.60%			
— Spot price of silver			13.10%			
	309.21	388.81	373.94	390.10	449.67	557.16
	201.22	204.50	235.53	217.33	227.81	228.75
	3.94	4.75	5.20	4.74	5.65	7.29
	2019	2020	2021	2022	2023	2024

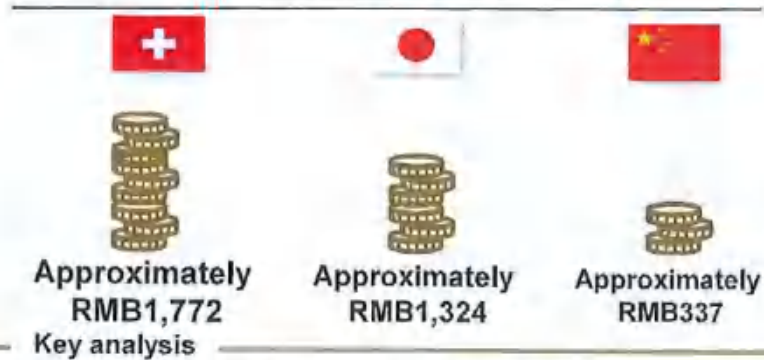
Key analysis

- Precious metals constitute the primary cost for precious metal watches. The use of materials with high intrinsic value such as gold, platinum, and silver is central to the production of these watches, significantly impacting their overall cost structure. In the case of the gold watch, the choice and quantity of gold used are crucial factors in determining the final price. Global and China's Au9999 gold prices have surged from 2019 to 2024 due to global geopolitical tensions and economic instability. Trade conflicts, political unrest, and inflation have driven investors towards gold as a safe-haven asset. From 2019 to 2024, the spot price of Au9999 gold in China rose from RMB309.21 per gram to RMB557.16 per gram, with a CAGR of 12.50% from 2019 to 2024. The precious metal commission rate is also one of the costs. In 2024, the commission rate from precious metal exchanges for Au9999 gold was 0.03% of its spot price. The commission rate of purchasing gold from the primary members of the Shanghai Gold Exchange varies, based on the agreement between buyers and the primary members. From 2019 to 2024, the global spot price of Au9999 gold rose from RMB339.31 per gram to RMB543.10 per gram, with a CAGR of 9.86% from 2019 to 2024. Due to the depreciation of the RMB and other interest rate fluctuations, the spot price of Au9999 gold in China experienced greater volatility compared to the global Au9999 gold spot price from 2019 to 2024.
- China's average settlement spot price of Au9999 gold in 2024 experienced a notable increase of 23.9% compared with 2023, while the sales volume of gold bars and coins in 2024 surged by 24.5% compared with 2023. With high purity, gold bars and coins represent reliable value retention, while their smaller weights make them affordable and easier to trade. This combination of high purity and smaller weight makes them both a practical and secure choice especially when gold prices rise.
- Other precious metals, such as platinum, have shown more stable prices. Platinum's price increase from 2019 to 2024 has been relatively moderate, influenced by fluctuations in downstream industrial demand. In 2019, the spot price of platinum was RMB201.22 per gram, and by 2024, it had risen to RMB228.75 per gram, reflecting a CAGR of 2.60% from 2019 to 2024. Silver prices are significantly lower than those of gold and platinum. The spot price of silver was RMB3.94 per gram in 2019 and increased to RMB7.29 per gram by 2024. In 2024, the commission rate from precious metal exchanges for platinum was 0.04% of its spot price. Silver is exempt from the commission rate.
- In the first half of 2025, China's gold products consumption reached 505.21 tonnes. Lightweight, aesthetically refined, and high value-added gold products continued to command strong market preference, with robust and sustained demand for gold bars and coins.

Note: 1. The spot prices are the average settlement prices of each year.

The cost of movement is also one of the major costs of China's precious metal watch and partial precious metal watch industry

Average prices of basic mechanical movement in Switzerland, Japan and China, 2024



Average prices of quartz movement in Switzerland, Japan and China, 2024



Key analysis

- The movement represents a significant cost component for precious metal watch and partial precious metal watch brands. In the analysis of movement prices across different countries, it is evident that Swiss movements are the most costly due to their superior quality and higher labor costs. Following closely are Japanese movements. China, leveraging its manufacturing scale advantage and relatively lower labor costs, offers the most affordable movement prices. The movement prices were steady from 2019 to 2024.
- The movement represents a significant cost component in watchmaking. Switzerland and Japan have historically held prominent positions in the global production of mechanical movements. As of 2024, the average price of a Swiss basic mechanical movement in China was approximately RMB1,772 per unit, whereas the average price of a Japanese basic mechanical movement in China in 2024 stood at around RMB1,324 per unit. The average price of domestically produced basic mechanical movements in China is notably more economical, at approximately RMB337 per unit.
- Quartz movements commonly utilise standardised, cost-effective materials like plastic and alloys, employing highly automated production processes that effectively reduce manufacturing expenses when compared to mechanical movements. Capitalizing on its industrialisation and cost-effective manufacturing capabilities relative to Switzerland and Japan, China has demonstrated marked competitiveness in the production of quartz movements. Consequently, this has resulted in more accessible pricing within the market. As of 2024, the average prices of quartz movements stand at RMB649 in Switzerland, RMB165 in Japan, and RMB84 in China per unit.
- China's manufacturing advantage in electronic watch movements is primarily driven by its large-scale production capacity, advanced technology, and lower labor costs. As of 2024, the average prices of electronic movements stand at RMB84 in Switzerland, RMB40 in Japan, and RMB32 in China per unit.

The drivers of China's precious metal watches-gold and partial precious metal watches-gold markets are given as follows

1

Consumer's willingness to purchase gold increases gradually

Gold has maintained a distinguished role in Chinese culture for centuries, consistently symbolising wealth, prosperity, and status. Its enduring value and stability have established gold as a vital instrument for wealth preservation and generational wealth succession. The cultural significance of gold extends to its prominent use in weddings and other ceremonial occasions, where it is frequently given or worn as a token of good fortune and enduring commitment. As the market presence and promotional strategies of gold product brands continue to escalate, consumer's disposable income per capita, acceptance and demand for gold have notably increased, catalysing robust growth in the gold market and related sectors, including precious metal watches-gold and partial precious metal watches-gold.

2 The younger generation gradually become the key consumer segment for precious metal watches-gold and partial precious metal watches-gold

Precious metal watches-gold and partial precious metal watches-gold exhibit a strong visual presence, appealing to the distinct aesthetic inclinations of younger consumers, who place increasing importance on products that possess multiple qualities, particularly those that amalgamate visual allure, utility, and potential for return on investment. Precious metal watches-gold and partial precious metal watches-gold, with their blend of opulent design and investment value, are progressively becoming the preferred choice for this group. As the market continues to innovate and diversify watch designs, offerings that better match the style and tastes of younger consumers are likely to further stimulate their purchasing desires, ultimately contributing to the growth of the precious metal watch-gold and partial precious metal watch-gold markets in China.

3

24K gold is increasingly used as a material in precious metal watches and partial precious metal watches

With advancements in production technology, 24K gold is increasingly used in the precious metal watch-gold and partial precious metal watch-gold categories in China, with the precious metal watches-24K gold market share in terms of GMV increasing from 0.89% in 2019 to 1.68% in 2024 in the precious metal watches-gold market, and the partial precious metal watches-24K gold market share in terms of GMV increasing from 18.47% on 2019 to 29.92% in 2024 in the partial precious metal watches-gold market. Brands that possess cutting-edge technological capabilities, high-quality product standards, comprehensive after-sales service systems, stable relationships with leading gold product retailers, and exceptional brand reputations are typically more likely to stand out and become significant drivers of growth in the precious metal watch-gold and partial precious metal watch-gold markets in China.

The market trends of China's precious metal watches-gold and partial precious metal watches-gold markets are given as follows

1 The precious metal watches-gold and partial precious metal watches-gold are continuously showing smart features



As technology progresses and consumer interest in smart products intensifies, precious metal watches-gold and partial precious metal watches-golds equipped with intelligent features have emerged as a new trend in the market. Smart precious metal watches-gold and partial precious metal watches-gold now incorporate advanced sensors that track various health metrics, such as heart rate, sleep patterns, and physical activity, catering to the increasing consumer focus on wellness and personal health. In addition, these watches are equipped with mobile payment capabilities, allowing users to make secure transactions directly from their wrist, enhancing convenience and modernity.

2 Some precious metal watches-gold and partial precious metal watches-gold seamlessly integrate traditional cultural elements with modern fashion aesthetics



The precious metal watch-gold and partial precious metal watch-gold markets has increasingly embraced the trend of incorporating Chinese traditional cultural elements, highlighting the fusion of traditional culture with modern fashion. Brands infuse traditional Chinese elements such as cloud patterns engravings into their designs, endowing the watches with unique cultural significance. This approach enhances the distinctiveness and competitiveness of precious metal watches-gold and partial precious metal watches-gold in China's watch market.

3 Leading Chinese precious metal watch-gold and partial precious metal watch-gold brands expand into international markets, further enhancing brand strength



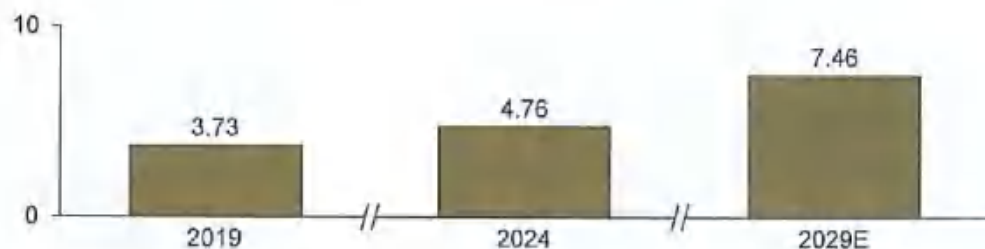
Leveraging increasingly sophisticated manufacturing techniques and innovative design styles, Chinese precious metal watch-gold and partial precious metal watch-gold brands have been gradually expanding their business into overseas markets, including the Middle East and Southeast Asia. These regions have indicated significant growth potential in the precious metal watch-gold and partial precious metal watch-gold markets. The market sizes of the Middle East and Southeast Asia's precious metal watches-gold and partial precious metal watches-gold are expected to be RMB7.46 billion and RMB6.66 billion in terms of GMV by 2029, respectively, indicating a CAGR of 9.41% and 8.64% from 2024 to 2029, respectively. As most countries in the Middle East and Southeast Asia are key regions along the Belt and Road Initiative, they exhibit a strong recognition of Chinese brands, making it easier for Chinese precious metal watch-gold and partial precious metal watch-gold brands to gain favour in these markets.

The precious metal watches-gold and partial precious metal watches-gold markets in the Middle East and Southeast Asia have great potential

Market size of the Middle East precious metal watches-gold and partial precious metal watches-gold market, in terms of GMV, 2019-2029E

RMB in billion CAGR 2019-2024 2024-2029E

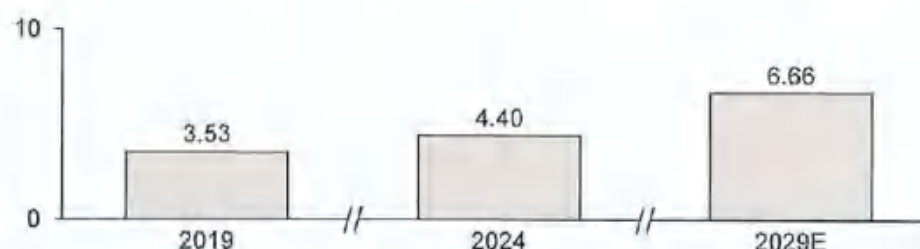
precious metal watches-gold and partial precious metal watches-gold market	4.99%	9.41%
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Market size of the Southeast Asia precious metal watches-gold and partial precious metal watches-gold market, in terms of GMV, 2019-2029E

RMB in billion CAGR 2019-2024 2024-2029E

precious metal watches-gold and partial precious metal watches-gold market	4.54%	8.64%
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Key analysis

- The precious metal watches-gold and partial precious metal watches-gold markets in the Middle East and Southeast Asia have indicated significant growth potential. In the Middle East, gold holds deep historical significance and is regarded as a symbol of wealth and social status, commonly used in weddings and major celebrations as gifts and decorations. The rapid urbanization in the Middle East has driven demand for decorative precious metal products such as gold. The UAE, particularly Dubai, is rapidly emerging as an international gold trading hub. In 2024, the Middle East precious metal watches-gold and partial precious metal watches-gold market was RMB4.76 billion in terms of GMV, and it is expected to be RMB7.46 billion by 2029, with a CAGR of 9.41% from 2024 to 2029.
- Southeast Asia, with its rapidly growing per capita consumption capacity and youthful demographic structure, has driven a significant rise in demand for more valuable products such as gold. In Southeast Asia, gold serves not only as a traditional store of wealth but also plays a key role in religious settings, especially in Buddhist culture, where it symbolizes purity and sanctity, often adorning temples and sacred artifacts. Meanwhile, China's growing exports to Southeast Asia, coupled with the region's economic growth, also point to vast future market opportunities for precious metal watches-gold and partial precious metal watches-gold in Southeast Asia. The Southeast Asia precious metal watches-gold and partial precious metal watches-gold market was RMB4.40 billion in 2024, and it is projected to be RMB6.66 billion by 2029. The CAGR of the Southeast Asia gold watch market is expected to be 8.64% from 2024 to 2029, in terms of GMV.

Note: 1. See page 56 for countries in Middle East and Southeast Asia

The market drivers of the Middle East and Southeast Asia precious metal watches-gold and partial precious metal watches-gold markets are given as follows

1



Local consumers are increasingly fond of gold products

Consumer preference for gold products in the Middle East and Southeast Asia has been steadily increasing, driving significant growth in the precious metal watch-gold and partial precious metal watch-gold markets. From 2019 to 2024, gold consumption in the Middle East rose from 231.16 tons to 267.42 tons. The cultural significance and perceived value of gold have fueled strong demand in these markets, with a notable preference for high-purity gold products. This growing acceptance has enhanced the appeal of precious metal watches-gold and partial precious metal watches-gold, particularly those made of 24K gold. As consumer acceptance of gold products, especially high-purity gold, rises, their willingness to invest in precious metal watches-gold and partial precious metal watches-gold has also increased, further driving market growth in the region.

2



Local consumers' purchasing power is increasing

The increasing purchasing power of consumers in the Middle East and Southeast Asia is significantly driving the growth of the precious metal watch-gold and partial precious metal watch-gold markets. Between 2019 to 2024, both regions have experienced substantial rises in GDP per capita. In the Middle East, GDP per capita in key markets like Saudi Arabia, UAE and Qatar increased from USD23,465.81, USD47,386.15 and USD68,210.43 to USD29,553.96, USD54,471.12 and USD90,236.30, respectively. Similarly, Southeast Asia saw notable gains, with Vietnam's GDP per capita rising from USD3,433.00 to USD4,374.75 and Indonesia's growing from around USD3,933.15 to USD4,825.41. These increases in income levels and economic affluence are boosting consumer spending power, thereby enhancing demand for luxury items such as precious metal watches-gold and partial precious metal watches-gold. As economic conditions continue to improve, particularly within the luxury segment, the market for precious metal watches-gold and partial precious metal watches-gold is expected to expand significantly.

3



Chinese precious metal watch-gold and partial precious metal watch-gold brands gradually become an important driving force for market growth

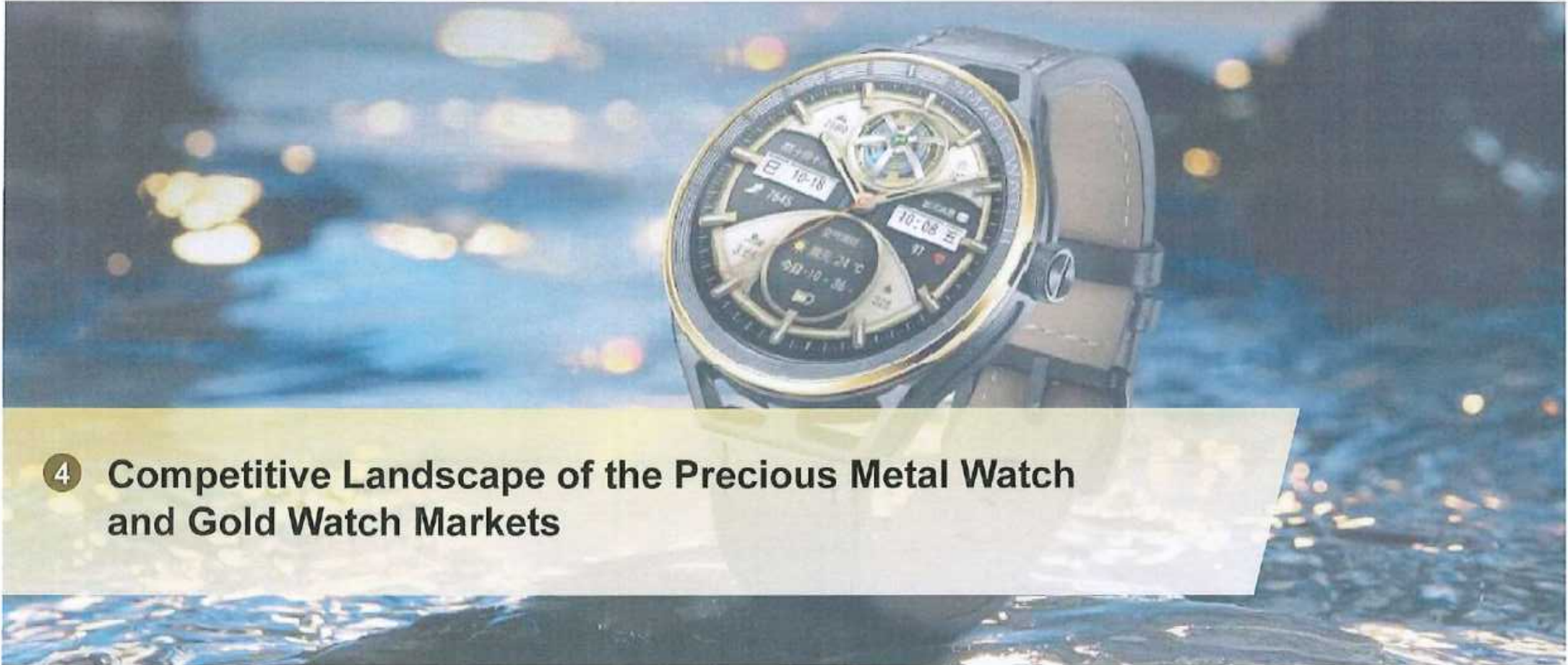
The Middle East and Southeast Asia precious metal watch-gold and partial precious metal watch-gold markets are being significantly driven by several key factors, with the Belt and Road Initiative playing a crucial role. As many countries in these regions lie along the Belt and Road route, there is a heightened recognition and acceptance of Chinese brands. This has paved the way for Chinese precious metal watch-gold and partial precious metal watch-gold brands to more easily capture consumer mindshare in these markets. Leading Chinese precious metal watch-gold and partial precious metal watch-gold brands are poised to become major growth drivers in these regions, leveraging their superior product quality and innovative design to appeal to local tastes. The increasing alignment of cultural and economic ties between China and these countries further strengthens the position of Chinese brands. This synergy, combined with the growing demand for high-purity gold products, positions Chinese precious metal watch-gold and partial precious metal watch-gold brands as a dominant force in the local markets, driving substantial growth in the precious metal watch-gold and partial precious metal watch-gold markets across the Middle East and Southeast Asia.

4



Gold is favored by consumers as a safe-haven asset

The expansion of the precious metal watch-gold and partial precious metal watch-gold markets in the Middle East and Southeast Asia can be ascribed to gold's standing as a favored safe-haven asset, particularly in regions confronted with economic and geopolitical uncertainties. In the Middle East, nations such as Saudi Arabia and the UAE witness substantial demand for gold commodities, including precious metal watches-gold and partial precious metal watches-gold, as a hedge against currency devaluation and inflation stemming from oil price volatility and regional tensions. Similarly, in Southeast Asia, countries like Indonesia and Thailand have encountered periods of currency devaluation and economic instability due to political changes, prompting consumers to seek refuge in gold as a reliable store of value. The cultural significance of gold, coupled with its function as a bulwark against financial instability, has resulted in a consistent upsurge in the desire for high-purity precious metal watches-gold and partial precious metal watches-gold in these regions.



4 Competitive Landscape of the Precious Metal Watch and Gold Watch Markets

Overview of competitive landscape

Key analysis

- In 2024, there are approximately 1,500 enterprises in the Chinese watch industry. Within the precious metal watch-gold and partial precious metal watch-gold sectors, foreign brands primarily produce precious metal watches-18K gold and partial precious metal watches-18K gold, while precious metal watches-24K gold and partial precious metal watches-24K gold are mainly manufactured by domestic brands. By 2024, the number of retail outlets, including counters, that are suitable for selling precious metal watches-24K gold and partial precious metal watches-24K gold was over 60,000, which fall into three main categories:
 - 1) Jewellery and accessories retail outlets: These constitute the largest proportion of outlets. They sell products from specialised precious metal watch-24K gold and partial precious metal watch-24K gold brands, including the Company's precious metal watches-24K gold and partial precious metal watches-24K gold, as well as their own sub-brand's precious metal watches-24K gold and partial precious metal watches-24K gold, which are typically produced by third-party manufacturers.
 - 2) Specialised precious metal watch-24K gold and partial precious metal watch-24K gold retail stores: These are retail stores dedicated to precious metal watch-24K gold and partial precious metal watch-24K gold brands, usually operating as franchise channels.
 - 3) International luxury brand stores: These stores generally do not have their line of precious metal watches-24K gold and partial precious metal watches-24K gold, but may carry a very limited selection of such watches from other brands.

Overview of leading precious metal watches-24K gold and partial precious metal watches-24K gold brands

Brand	Description
The Brand	A watch brand which was established in 2006 and headquartered in China, specialising in the design, manufacturing and sales of precious metal watches -24K gold, partial precious metal watches -24K gold and gold jewellery.
Brand A	Established in 1984 in China, which mainly operates the mining, refining, processing and sale of precious metal jewellery and is publicly listed on the Shanghai Stock Exchange. Its products include precious metal watches-24K gold.
Brand B	Founded in 1848 in China, which offers a wide range of precious metal accessories and is publicly listed on the Shanghai Stock Exchange. Its products include precious metal watches-24K gold.
Brand C	A watch brand founded in 2020 in China, primarily engaged in the production and sale of precious metal watches-24K gold.
Brand D	A watch brand founded in 2017 in China, primarily engaged in the production and sale of precious metal watches-24K gold.

In 2024, the Brand was the precious metal watch-24K gold brand and partial precious metal watch-24K gold brand in terms of GMV

Ranking of precious metal watch-24K gold brands in terms of GMV, China, 2024

Ranking	Brand	GMV, RMB million, 2024	Market share
1	The Brand	112.80	27.08%
2	Brand A	22.84	5.48%
3	Brand B	19.65	4.72%
4	Brand C	17.58	4.22%
5	Brand D	14.65	3.52%

Ranking of partial precious metal watch-24K gold brands in terms of GMV, China, 2024

Ranking	Brand	GMV, RMB million, 2024	Market share
1	The Brand	378.90	28.96%
2	Brand B	120.92	9.24%
3	Brand A	83.13	6.35%
4	Brand C	36.63	2.80%
5	Brand D	33.70	2.58%

Key analysis

- The precious metal watch-24K gold and partial precious metal watch-24K gold industries were highly concentrated in 2024. In the precious metal watch-24K gold market, the top five brands collectively hold a share of 45.02% in terms of GMV, and in the partial precious metal watch-24K gold market, the top five brands collectively hold a share of 47.36% in terms of GMV. In 2024, our Brand was the largest brand in both China's precious metal watch-24K gold and partial precious metal watch-24K gold industries in terms of GMV, and the figure was RMB112.80 million and RMB378.90 million, representing market share of 27.08% and 28.96%, respectively. The competing manufacturers of similar precious metal watch-24K gold in China maintained an average range of average selling price of approximately RMB2,000 to RMB7,300 per unit in FY2024.
- GMVs of the top five brands are calculated based on the total sales volume of products to end-consumers, regardless of whether the products were purchased directly from the brand or indirectly through distributors or other sales channels, multiplied by the final retail prices paid by such consumers. Our Brand's GMV is higher than the revenue because GMV reflects the total sales volume to end consumers multiplied by the final retail prices paid by them, while our Brand's revenue is calculated based on the total sales volume of products sold by the Company directly to its different types of customers (i.e. distributors, consumers, third party online store operators and retail stores) through various sales channels multiplied by the selling prices paid by such customers. GMV is a key metric used to measure the total sales value generate through a marketplace over a specific time period. In the context of the watch market, GMV refers to the total sales value of all watches sold, usually reported on an annual basis.
- As a leading participant in the precious metal watch-24K gold and partial precious metal watch-24K gold industries, the Brand is the first to develop a proprietary supramolecular hard gold technology, which lies at the core of manufacturing precious metal watches-24K gold and partial precious metal watches-24K gold, thereby establishing the Brand as the first to achieve mass production of precious metal watches-24K gold and partial precious metal watches-24K gold.
- The Brand was the first brand owner in China who (i) specialises in the design and manufacturing of precious metal watches-24K gold and partial precious metal watches-24K gold; and (ii) has applied supramolecular gold hardening technology to the manufacturing of these watches. Remarkably, leveraging the Brand's advanced technological capabilities in hardening 24K gold, a landmark achievement was reached with launch of China's first precious metal watch-24K gold which is capable of being produced in large quantities in 2014. The Brand also achieved another breakthrough in 2023 by launching a new collection of smart partial precious metal watches-24K gold incorporated with smart movements of Huawei, which is a leading global Chinese technology company recognised for its 5G technology.
- The Brand was also the first partial precious metal watch brand to release the smart dual-wearable partial precious metal watch in China, which allows the user to switch between traditional watch movement and smart movement according his/her needs and preferences.
- Based on the Group having a comparable insurance premium-to-inventory balance value ratio as other companies which participate in the domestic brand precious metal watch-gold and partial precious metal watch-gold industries in the PRC, the Group's insurance coverage to be customary for businesses of the size and type and in line with the industry practice.
- There are barriers to establishing a live-streaming e-commerce storefront for precious metal watches and partial precious metal watches on Douyin were significant. According to CIC, these challenges stemmed from (i) the complex rules and management systems governing live-streaming sales on the platform, and (ii) the intense competition on Douyin which necessitated substantial investment in advertising and traffic purchasing.

Entry barriers in the Chinese precious metal watch and partial precious metal watch industries(1/2)

Significant capital investment

- Companies must secure a substantial supply of raw materials, such as gold and other precious metals, as well as invest in advanced manufacturing equipment to meet production requirements. This upfront investment is crucial to ensure the availability of high-quality materials and state-of-the-art technology necessary for efficient production and product excellence. Additionally, the establishment and enhancement of brand equity, which entails comprehensive advertising, marketing strategies, and market expansion initiatives, demands significant financial commitment.

High-caliber talent team

- In the precious metal watch and partial precious metal watch industries, maintaining a high-quality talent team is a critical entry barrier. Companies must establish a procurement team skilled in dynamically adjusting the purchase volumes of precious metals and other raw materials based on market fluctuations. Additionally, the presence of exceptional watch designers and engineering professionals is crucial. These experts are responsible for creating innovative and aesthetically appealing designs while ensuring the highest standards of craftsmanship and technical precision. Moreover, having professionals with extensive experience in both the precious metals and horology sectors is vital for effective day-to-day operations.



Precision manufacturing capabilities and scalable production capacity

- The manufacturing of precious metal watches and partial precious metal watches, especially those made from gold, demands exceptionally high levels of precision. To achieve each timepiece adheres to stringent quality standards, companies must have advanced manufacturing technologies and implement rigorous quality control measures. This involves utilizing cutting-edge machinery and sophisticated production techniques to meet the exact specifications required for high-caliber timepieces. Additionally, companies must have scalable production capabilities, which ensure efficient scaling of manufacturing operations to meet varying levels of demand while maintaining consistent quality.

Diversified sales channels

- To effectively expand market presence and engage with end consumers, brands must employ a diversified approach to their sales channels. This involves strategically positioning their products through multiple distribution methods. Engaging with a network of authorized distributors and retailers allows brands to leverage established market relationships and tap into existing customer bases. These partners play a crucial role in reaching various geographic regions and market segments. Implementing direct sales strategies, such as direct-operated stores and franchised stores, enables brands to have a direct connection with consumers. This approach facilitates better control over brand presentation, customer service, and pricing strategies.

Entry barriers in the Chinese precious metal watch and partial precious metal watch industries(2/2)



Brand loyalty

- Established precious metal watch and partial precious metal watch brands that have cultivated strong customer loyalty create formidable barriers to entry for new competitors. These brands have secured a solid position in the precious metal watch and partial precious metal watch markets through a long-standing reputation, consistent quality assurance, and the establishment of an emotional connection with consumers. This deep-rooted brand loyalty not only facilitates sustained repurchase rates and reduces customer acquisition costs for these brands but also raises the entry barriers for newcomers, thereby making it increasingly challenging for them to attract and retain customers.



Stable partnerships with suppliers

- The long-term cooperative relationship established between precious metal watch and partial precious metal watch manufacturers and reliable raw material suppliers often constitutes a significant market entry barrier for new entrants. This collaborative relationship is not only based on mutual trust and common interests between the two parties, for example, mature precious metal watch and partial precious metal watch manufacturers may sign long-term supply contracts with suppliers, or even engage in equity cooperation, thereby enhancing their control over the supply of raw materials.



Intellectual property infringement

- The precious metal watch and partial precious metal watch industries is heavily dependent on advanced technologies and patented innovations, which establishes significant barriers to entry for new market entrants. New companies entering the market with precious metal watch and partial precious metal watch products must comply with laws governing intellectual property rights. If their products infringe upon the rights of established brands—such as trademark, patent, copyright, or trade secret rights—they may face legal claims from the rights holders. In such cases, new entrants may be required to compensate rights holders for direct economic losses and cover reasonable expenses incurred to stop the infringement, resulting in additional financial liabilities.

Key success factors of the precious metal watch and partial precious metal watch markets in China (1/2)



- To maintain a leading position in the precious metal watch and partial precious metal watch industries, companies must continuously invest in the research and development of innovative products and manufacturing processes. Advanced technology plays a crucial role in achieving high levels of precision and craftsmanship. By utilizing state-of-the-art machinery, adopting the latest techniques, and integrating cutting-edge materials, companies can ensure that their manufacturing processes meet the highest standards. This commitment to technological advancement not only enhances product quality but also allows companies to stay ahead of competitors and respond effectively to evolving market demands.



- Ensuring superior product quality is fundamental for success in the precious metal watch and gold watch market. Companies must adhere to stringent industry standards for every component and production process. This involves rigorous quality control measures at each stage of manufacturing, from sourcing raw materials to final assembly. By implementing comprehensive quality assurance protocols and employing skilled craftsmen, companies can guarantee that their products meet or exceed industry benchmarks. High product quality not only enhances the brand's reputation but also builds consumer trust and loyalty, making it a crucial factor for competitive differentiation.



- A well-established after-sales service system is essential for maintaining customer satisfaction and loyalty. Brands should implement clear service standards and set up dedicated service centers to handle customer inquiries and issues efficiently. This includes offering repair and maintenance services, providing warranties, and ensuring timely support. An effective after-sales service system helps resolve consumer problems swiftly, improves the overall customer experience, and strengthens brand trust. By addressing customer concerns and providing exceptional service, companies can encourage repeat purchases and foster long-term relationships with their clientele.

Key success factors of the precious metal watch and partial precious metal watch markets in China (2/2)

4



Stable partnerships with leading retailers


- Building and maintaining stable relationships with top watch retailers is critical for ensuring product sales stability. Leading jewellery retailers often have extensive store networks and high customer traffic, which can significantly impact product visibility and sales performance. Establishing strong, long-term partnerships with these prominent players enables companies to leverage their established market presence and distribution capabilities. This collaboration ensures consistent product availability, enhances market reach, and provides a reliable channel for driving sales.

5



Outstanding brand reputation

- In the Chinese precious metal watch and partial precious metal watch industries, brand reputation is a critical determinant of market success. An exceptional brand reputation enhances market recognition, making it easier for consumers to trust and choose the brand, thereby driving increased sales and market share. Moreover, a well-established brand influence allows for significant pricing power, as consumers are willing to pay a premium for the perceived quality and prestige associated with the brand. By cultivating a strong brand presence, customer loyalty is reinforced, turning consumers into long-term advocates who support the brand's broader product lines. Additionally, a powerful brand identity fosters cultural resonance, embedding the brand within consumers' personal and cultural expression.



5 Overview and Competitive Landscape of China's Jewellery and Accessories Industry

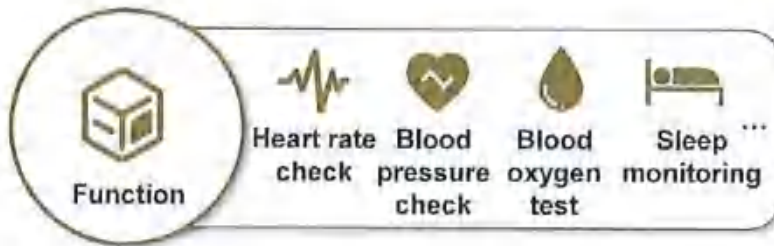
Jewellery and accessories are decorative products worn for personal adornment, which can be categorised by decorative part, by main production materials and by with or without smart features

Definition of the jewellery and accessories

- Jewellery and accessories are decorative products worn for personal adornment, comprising necklaces, rings, bracelets, earrings, brooches and others, and exclude watches. These pieces are intended to embellish various body parts, such as the head, neck, chest, hands, and feet. Beyond their ornamental purpose, these objects frequently encapsulate distinctive symbolic connotations derived from their constituent materials. The category of smart jewellery and accessories has also begun to emerge, integrating advanced technology with traditional adornments. These innovative pieces combine the elegance of fine jewellery and accessories with smart functionalities, such as health monitoring, fitness tracking, and connectivity features.

By decorative part	By main production materials	By with or without smart features
<p>Headwear Worn on the head, often used to enhance hairstyles or accentuate the overall look.</p>	<p>Precious metal jewellery and accessories Made of precious metals and their alloys, including plain precious metal jewellery and accessories, those made solely of precious metals and their alloys, as well as precious metal inlaid jewellery and accessories, jewellery and accessories set with gemstones, jade, etc.</p>	<p>Smart jewellery and accessories Jewellery and accessories with operating system and application software.</p>
<p>Neckwear Designed to enhance the beauty of the neck while adding layers to the overall outfit.</p>	<p>Gemstones jewellery and accessories Jewellery and accessories made from jade, gemstones, including natural gemstones and synthetic gemstones.</p>	
<p>Chestwear Used to signify status or enhance the appearance of clothing.</p>	<p>Diamonds jewellery and accessories Jewellery and accessories made from diamond, including natural diamond and synthetic diamond.</p>	<p>Non-smart jewellery and accessories Jewellery and accessories that serve solely a decorative function.</p>
<p>Handwear Worn on hands or fingers, including bracelets, bangles, rings, and hand chains.</p>	<p>Other jewellery and accessories Jewellery and accessories made from other materials, including stainless steel and plastic.</p>	
<p>Footwear Used to embellish the ankles or toes and express the wearer's individuality and style.</p>		

Smart jewellery and accessories are mainly rings and bracelets, providing health detection for wearer. In the future, smart precious metal jewellery and accessories are expected to have huge market potential



Categorisation of smart jewellery and accessories:

- By 2024, smart jewellery and accessories predominantly focus on adornments for the wrist and fingers, such as bracelets and rings. Smart jewellery and accessories for decorating other parts of the body are also appearing in the market. These items are strategically positioned in areas of the body that are easily accessible and visible to the wearer, allowing for convenient observation and operation of the smart functions.

The primary functions of smart jewellery and accessories

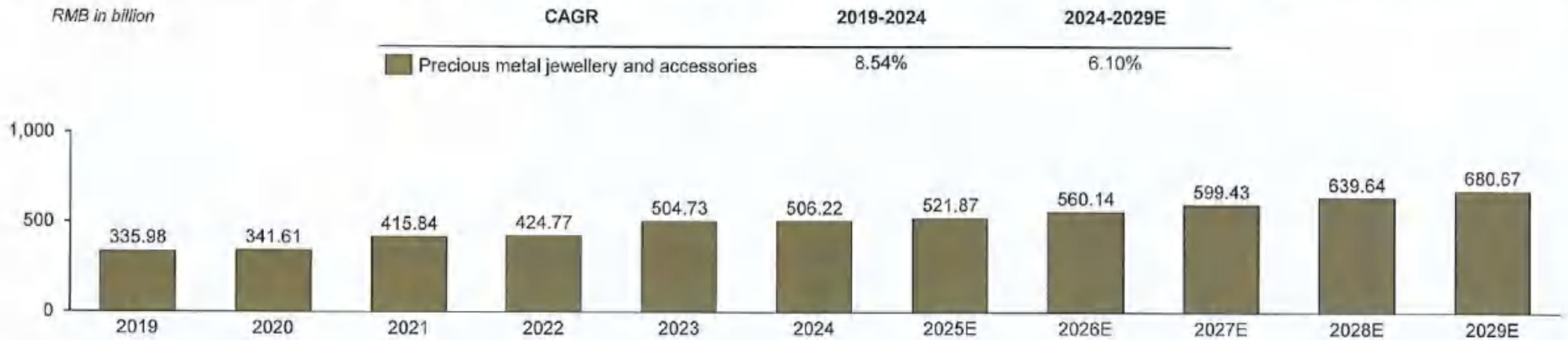
- The primary functions of smart jewellery and accessories center on health monitoring, including sleep tracking, blood oxygen saturation measurement, and heart rate monitoring. These functions are facilitated by the close contact that smart jewellery and accessories maintains with the skin. In comparison to other smart devices, smart jewellery and accessories can consistently adhere to the skin, enabling embedded sensors to capture more accurate physiological data, thereby providing users with valuable health feedback. As public awareness of health continues to grow, the application of smart jewellery and accessories in the field of health monitoring is expected to expand significantly, leading to corresponding growth in market demand.

Market potential of smart jewellery and accessories

- Some smart jewellery and accessories, such as smart rings, already reached a market size of approximately RMB2 billion in 2024. Smart bracelets, necklaces, and other items have also experienced significant market growth in recent years.
- In the coming years, it is anticipated that smart jewellery and accessories crafted from precious metals, such as gold and platinum, will demonstrate greater market potential than those fashioned from other materials, such as gemstones and jade. This expectation is based on the distinctive properties and added value of precious metals. Gold and platinum not only exhibit excellent conductivity and corrosion resistance, rendering them suitable for integrating intricate smart technologies, but also offer aesthetic qualities highly esteemed by consumers. As consumers increasingly prioritize functionality alongside luxury when making jewellery and accessories purchases, the market outlook for smart precious metal jewellery and accessories appears particularly promising. By 2029, China's smart precious metal jewellery and accessories market is projected to reach RMB0.48 billion in terms of GMV.

As the largest subcategory in jewellery and accessories market, China's precious metal jewellery and accessories market size was RMB506.22 billion in 2024, in terms of GMV

Market size of the precious metal jewellery and accessories industry, in terms of GMV, China, 2019-2029E

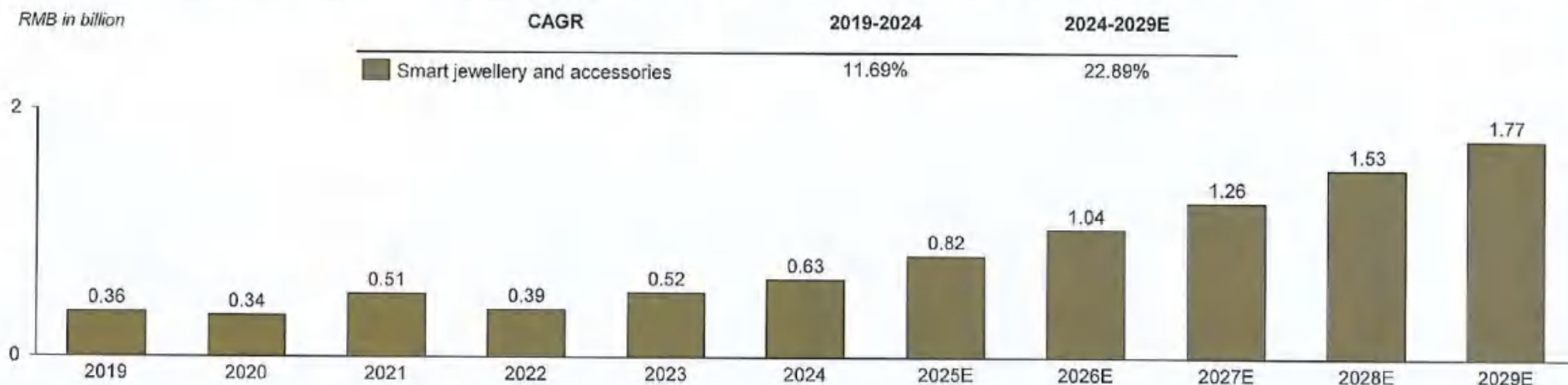


Key analysis

- Precious metal jewellery and accessories occupy a large market share within the jewellery and accessories industry in China. Precious metals such as gold, silver, and platinum have strong value-preserving properties, making them highly sought after for their investment appeal. Additionally, the high malleability of precious metals allows designers to create intricate innovations in craftsmanship, producing a diverse range of accessories to meet the needs of various consumers.
- From 2019 to 2024, China's precious metal jewellery and accessories market size was RMB335.98 billion and RMB506.22 billion, with a CAGR of 8.54% from 2019 to 2024, in terms of GMV and it is expected to reach RMB680.67 billion in 2029 with a CAGR of 6.10% from 2024 to 2029. In 2024, the smart precious metal jewellery and accessories market in China remains at a nascent stage, with product offerings primarily focused on categories such as rings. As product diversification expands and market awareness continues to grow, the market is projected to increase from a GMV of approximately RMB0.02 billion in 2024, to a GMV of approximately RMB0.50 billion by 2029, reflecting a CAGR of 91.2% over the period from 2024 to 2029.
- In the gold jewellery and accessories industry, maintaining a high level of semi-finished gold inventory is a common industry practice. This inventory supports quick production and customization, mitigates the impact of gold price fluctuations, and helps reduce procurement costs. Additionally, gold semi-finished products can be swiftly monetized through recycling or direct sales, providing businesses with flexible cash flow management. This practice is particularly prevalent among gold jewellery and accessories enterprises.

As the technology and functions of smart jewellery and accessories develop, its market size, in terms of GMV, is expected to reach RMB1.77 billion by 2029

Market size of the smart jewellery and accessories industry, in terms of GMV, China, 2019-2029E



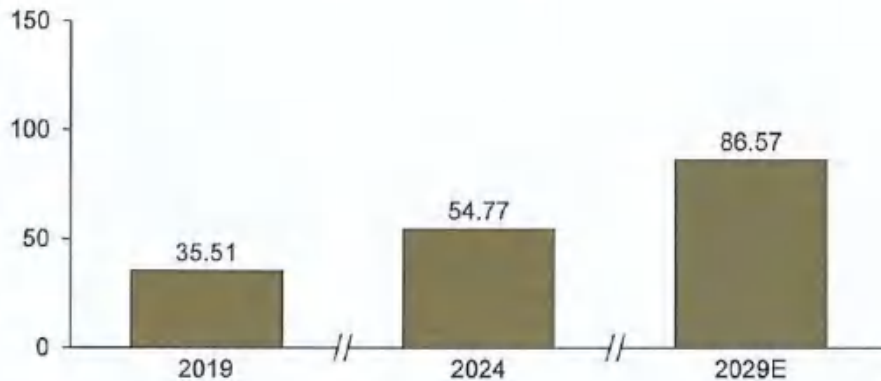
Key analysis

- At present, the main function of smart jewellery and accessories in China is centered on health monitoring. Its market size has been slightly affected by strict lockdowns in 2020 and 2022 due to the COVID-19 pandemic, resulting in a decline. In 2021, the effects of the COVID-19 pandemic temporarily subsided and came under control in China, leading to an overall economic rebound. Additionally, several leading smart jewellery and accessories brands launched new products in 2021, contributing to the growth of China's smart jewellery and accessories market size that year. As the functions of smart jewellery and accessories continue to diversify and the technology matures, rising health awareness and the growing demand for daily health monitoring are expected to drive significant growth in the market, measured by GMV. In the future, smart jewellery and accessories are also expected to offer a wider range of features beyond health monitoring, such as social interaction and location tracking, to better meet consumers' diverse needs. These expanded capabilities are anticipated to further fuel market growth.
- From 2019 to 2024, China's smart jewellery and accessories market size grew from RMB0.36 billion to RMB0.63 billion, in terms of GMV. In the next five years, with a projected CAGR of 22.89% from 2024 to 2029, the market size is expected to be RMB1.77 billion, in terms of GMV.

In 2024, the jewellery and accessories market sizes in the Middle East and Southeast Asia were RMB54.77 and RMB106.52 billion respectively, and are projected to grow rapidly in the future

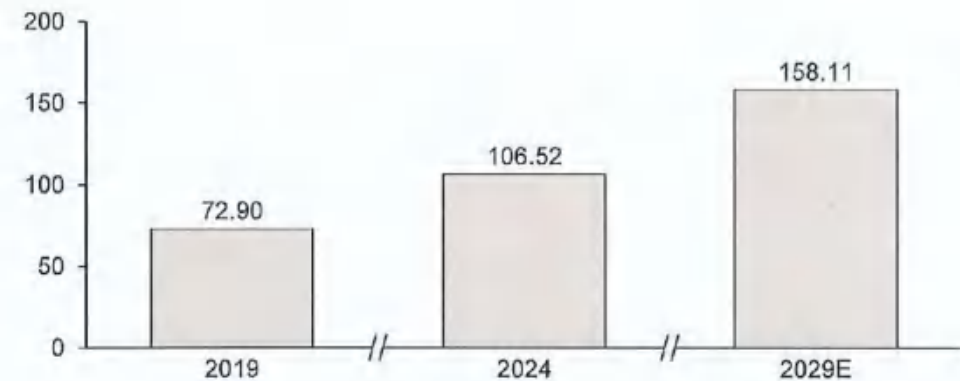
Market size of the Middle East jewellery and accessories market, in terms of GMV, 2019-2029E

RMB in billion	CAGR	2019-2024	2024-2029E
Jewellery and accessories	9.05%	9.05%	9.59%



Market size of the Southeast Asia jewellery and accessories market, in terms of GMV, 2019-2029E

RMB in billion	CAGR	2019-2024	2024-2029E
Jewellery and accessories	7.88%	7.88%	8.22%



Key analysis

- The jewellery and accessories markets in the Middle East and Southeast Asia are also showing strong growth momentum, with consumers exhibiting a clear preference for 24K gold and exquisite designs. The cultural traditions in these regions, along with the demand for precious metal products, are driving the continued expansion of the jewellery and accessories industry. In the Middle East and Southeast Asia, precious metal jewellery and accessories, especially gold, are traditionally considered a symbol of wealth and status due to its significance in Buddhist and Islamic cultures and often used in weddings and major religious festivals. The market size of the jewellery and accessories market in Middle East and Southeast Asia are expected to be RMB86.57 and RMB158.11 billion in terms of GMV by 2029, indicating a CAGR of 9.59% and 8.22% from 2024 to 2029, respectively.

Competitive advantages of the Company include the following aspects (1/2)

Competitive advantages of the Company

1



Exquisite craftsmanship and acute sensitivity to market trends

- As a leading designer and manufacturer of precious metal watches and gold jewellery the Company's production base in Shenzhen, the "Watch Capital of China", which has a well-developed watch manufacturing ecosystem, allows it to establish exquisite craftsmanship and a strong market reputation for meticulously crafted, innovative products that are keenly attuned to the evolving preferences of the market. From the intricate filigree work adorning the watch cases to the precision engineering of the movements, each stage is undertaken with the utmost care and attention to detail by our team of craftsmen, embracing the growing demand for personalized, high-value products, our company consistently pushes the boundaries of design and craftsmanship.

2



Robust R&D capabilities and commitment to innovation

- The company has developed an innovative high-hardness gold alloy formula and advanced smelting technology to produce gold watch cases with a Vickers hardness number exceeding 90, maintaining gold purity at over Au999. This breakthrough has resolved issues of poor wear resistance and deformation in traditional 24K gold watch components, setting a new standard for durability and precision in premium watchmaking.

3



Extensive, diversified and stable distribution network

- The Company has built strong relationships with authorised distributors through continuous support and our marketing activities, such as (i) providing online support about the formulation of marketing plans customised to the relevant POS operated by the authorised distributors, the setting up and renovation of new POS and training of their front-line sales staff, (ii) sending our sales representatives to their POS from time to time to provide on-site support and advice, and (iii) providing after-sales services to their end consumers.

4



Outstanding Synergistic Capabilities in the Watch and Jewellery Business

- The watch and jewellery business of the company demonstrates significant synergies across various operational domains, encompassing the procurement of raw materials, expansion of sales channels, and the establishment and perpetuation of customer relationships. These synergies actively contribute to heightened efficiency and operational cohesion, thereby conferring a competitive advantage within the market.

Competitive advantages of the Company include the following aspects (2/2)

Competitive advantages of the Company

5



Long-term collaborative and mutually beneficial relationship with ODM customers including renowned jewellery brands and wholesalers

- The Company has built long-term business relationships with many of ODM customers. These established partnerships grant the reliable, consistent sources of demand for our products. The trust and familiarity built up over time enables smooth, efficient order fulfillment and facilitates production planning. This stability in sales channels and order volumes allows the Company to optimise our manufacturing operations, workforce, and inventory management to maximise productivity and cost-effectiveness.

6



Established highly skilled team and production control system to ensure high product and services quality

- The Company's robust production control system allows it to closely monitor all critical stages of manufacturing processes. This gives the Company greater command over efficiency, quality, costs, and the flexibility needed to adapt to changing market trends and customer requirements. With the comprehensive production facilities, The Company has also been able to internalise and control a substantial part of the manufacturing process, including product development, testing of raw materials, secondary processing, assembling and product conformity testing. Furthermore, the company has Putian's pool of highly skilled artisanal craftsmen with specialised expertise intricate gold jewellery making processes enabling the high product and services quality. the testing methodology and arrangements adopted between the Testing Center and the Company is consistent with general industry practice in gold-related industries in the PRC in order to (i) reduce the risks associated with transporting high-value gold-containing work in progress and finished goods for testing purposes, (ii) shorten the certification process which involved inspection and measurement of the gold-containing work in progress, and (iii) enhance product delivery efficiency and production turnover efficiency. Also, the methodologies adopted for calculating the Company's planned production capacity is in line with industry practice.

7



Vertically integrated business model driving operational efficiencies and responsiveness

- The Company's deep integration across the value chain also allows it to maintain tight control over production capacity, the quality of the watches and other jewellery products, and inventory levels. This, in turn, enables us to respond quickly to the evolving tastes and preferences of its end consumers, ensuring that product offerings remain aligned with market trends. Furthermore, the operational efficiencies generated by the vertically integrated model often translate into more competitive pricing for products. The Company's (i) gold procurement policy, (ii) inventory management policy and (iii) practice of hardening some of its gold from raw material in advance of the placement of purchase orders by customers to better manage its resource are in line with industry practices. Also, from a supply chain perspective, maintaining a hardened gold inventory creates a buffer against potential raw material disruptions, and the Company's approach aligns with industry practices.

8



Experienced management team with in-depth industry knowledge and strong execution capabilities

- The Company's senior management team comprises executives with extensive and diversified industry experience and strong execution capabilities. The Company's management team is committed to building a corporate culture dedicated to the pursuit of excellence and long-term commitment. The Company's corporate culture, coupled with our employee training, career development and incentive programmes, has contributed greatly to motivating and retaining our talented employees to drive our business growth.



6 Appendix

Appendix 1

Table of China's Provinces, Municipalities, and Autonomous Regions (excluding Hong Kong, Macau, and Taiwan)

No.	Region	Province	No.	Region	Province
1	North-eastern China	Liaoning (遼寧省)	17	Southern China	Guangdong (廣東省)
2		Heilongjiang (黑龍江省)	18		Guangxi (廣西壯族自治區)
3		Jilin (吉林省)	19		Hainan (海南省)
4	Northern China	Beijing (北京市)	20	Central China	Hubei (湖北省)
5		Tianjing (天津市)	21		Hennan (河南省)
6		Hebei (河北省)	22		Hunan (湖南省)
7		Shanxi (山西省)	23		Shaanxi (陝西省)
8		Inner Mongolia (內蒙古自治區)	24	North-western China	Gansu (甘肅省)
9	Eastern China	Shanghai (上海市)	25		Xinjiang (新疆維吾爾自治區)
10		Zhejiang (浙江省)	26		Ningxia (寧夏回族自治區)
11		Jiangsu (江蘇省)	27	Qinghai (青海省)	
12		Shandong (山東省)	28	Sichuan (四川省)	
13		Anhui (安徽省)	29	Chongqing (重慶市)	
14		Fujian (福建省)	30	South-western China	Yunnan (雲南省)
15		Jiangxi (江西省)	31	Guizhou (貴州省)	
16	Taiwan (台灣)	32	Tibet (西藏自治區)		

Appendix 2

List of countries in the Middle East and Southeast Asia

No.	Region	Country
1	Middle East	Bahrain (巴林)
2		Cyprus (塞浦路斯)
3		Egypt (埃及)
4		Iran (伊朗)
5		Iraq (伊拉克)
6		Israel (以色列)
7		Jordan (约旦)
8		Kuwait (科威特)
9		Lebanon (黎巴嫩)
10		Oman (阿曼)
11		Palestine (巴勒斯坦)
12		Qatar (卡塔尔)
13		Saudi Arabia (沙特阿拉伯)
14		Syria (叙利亚)
15		Turkey (土耳其)
16		United Arab Emirates (阿联酋)
17		Yemen (也门)

No.	Region	Country
1	Southeast Asia	Brunei (文莱)
2		Cambodia (柬埔寨)
3		East Timor (东帝汶)
4		Indonesia (印度尼西亚)
5		Laos (老挝)
6		Malaysia (马来西亚)
7		Myanmar (缅甸)
8		Philippines (菲律宾)
9		Singapore (新加坡)
10		Thailand (泰国)
11		Vietnam (越南)

Thank you!

Schedule 1

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(for and on behalf of the Hong Kong Underwriters)