We have entered into a number of transactions with our connected persons in our ordinary and usual course of business. Such transactions will continue after **[REDACTED]** and therefore constitute continuing connected transactions of our Group under Chapter 14A of the Listing Rules.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Franchise Agreements

We have entered into franchise agreements with certain franchisees which are controlled by the following connected persons to grant each of them a right and license to operate franchise stores under our brand, which will constitute our continuing connected transactions upon **[REDACTED]**:

Connected Person *(Note)*	Connected Relationship
Mr. Kang Xiaoran (康笑然) . .	A former director of Chengdu CH Trading Co. Ltd., a wholly-owned subsidiary of our Group
Ms. Shang Liying (商麗穎) . .	Spouse of Mr. Kang Xiaoran
Mr. Wang Guoji (王國際) . . .	Brother-in-law of Ms. Luo Xiaying (a director of Qingdao CHJ Jewellery Co. Ltd. and Jinan CHJ Trading Co. Ltd., both wholly-owned subsidiaries of our Group)
Ms. Tan Wen (譚雯)	Spouse of Mr. Lin Xulian (林旭練) (director of Guangzhou City CHJ Jewellery Co. Ltd., a wholly-owned subsidiary of our Group)
Ms. Wu Ping (吳萍)	The executive director and general manager of Shanghai CHJ Jewellery Accessories Co. Ltd., a wholly-owned subsidiary of our Group
Ms. Zhou Ping (周萍)	The sister of Ms. Zhou Qing (周清) (an executive director and manager of Changzhou CHJ and Wuxi CHJ)

Note: all the above connected persons ("**Connected Persons**") are connected persons at the subsidiary level.

The franchise agreements has a term commencing prior to the Latest Practicable Date up to and including September 26, 2027, subject to early termination by either party giving at least three months' prior written notice to the other party. The franchise agreements may be renewed by mutual consent of parties thereto provided that applicable requirements of the Listing Rules are complied with. These transactions are made in the ordinary and usual course of business of our Group and on normal commercial terms, without any discounts given.

For each of the years ended December 31, 2023, 2024 and 2025, the total revenue arising from the transactions between our Group and the Connected Persons were approximately RMB26.22 million, RMB35.54 million and RMB58.04 million, respectively.

It is expected that the annual transaction amount in respect of the transactions with each of the Connected Persons will be less than HK$70 million. In determining such annual caps, our Directors have considered the following factors: (i) the historical amounts and trends of the transactions between our Group and the Connected Persons during the Track Record Period; (ii) the current market environment; and (iii) our projected sales of products in 2026 and 2027.

Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) is less than 1% on an annual basis and the transactions only involve connected person at the subsidiary level, the transactions under the franchise agreements with the Connected Persons will be fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Rule 14A.76(1)(b) of the Listing Rules.

Sale of Jewellery Products

During the Track Record Period, our Group from time to time sold jewellery products to our connected persons (including our Directors and/or their respective associates) in our ordinary and usual course of business. The aforementioned sale of jewellery products is expected to continue after the **[REDACTED]**, thereby constituting continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

The sale of jewellery products to our connected persons shall be determined with reference to the market price of our products with applicable discount in accordance with our staff benefit policies. For each of the years ended December 31, 2023, 2024 and 2025, the total aggregate transaction amounts for all transactions between connected persons and our Group involving discounts were approximately RMB0.07 million, RMB0.24 million, and 0.10 million, respectively. The aggregated total discounts granted for the corresponding years were approximately RMB0.02 million, RMB0.07 million, and RMB0.02 million, respectively, representing an average discount rate of approximately 25% off (or about 75% of the original price). We believe, and as advised by Frost & Sullivan, the sale of jewellery products with applicable discount to connected persons is on normal commercial terms and is generally in line with the prevailing market practice in the jewellery industry. As such, we consider the sale of jewellery products to our connected persons (including our Directors and/or their respective associates) is also on normal commercial terms.

As the highest applicable percentage ratio under the Listing Rules in respect of the transactions above is expected to be less than 0.1% on an annual basis, the sale of jewellery products to our connected persons, with discounts, will be fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Rule 14A.76(1)(a) of the Listing Rules.

In addition to discounted transactions, connected persons also purchase our Group's products at prevailing market prices. The sale of jewellery constitutes "the sale of consumer goods" on the basis that: (i) the goods are of a type ordinarily supplied for personal use or consumption; (ii) the purchases are for personal consumption, the market for such goods is open, and pricing is transparent; (iii) the goods are consumed in the same state as when purchased; and (iv) the terms are no less favorable to our Group than those available to independent third parties.

Based on the above, and given that the purchase of products by connected persons at market price represents a normal commercial transaction conducted in the ordinary course of business, such transactions are fully exempt from the reporting, announcement, and independent shareholders' approval requirements under Rule 14A.97 of the Listing Rules.

Based on (i) the relevant documents and information provided by the Company in relation to the foregoing fully exempt continuing connected transactions; (ii) their participation in due diligence and discussions with the Company; and (iii) the confirmation from the Directors disclosed above, the Sole Sponsor is of the view that the fully exempt continuing connected transactions described herein have been conducted in the ordinary and usual course of the business; on normal commercial terms and in the interests of the Company and its Shareholders as a whole.