



OPPORTUNITIES AND POTENTIALS OF THE VIETNAMESE GOLD JEWELLERY INDUSTRY

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I - DEVELOPMENT OF THE VIETNAM JEWELRY INDUSTRY OVER TIME



I THE DEVELOPMENT OF THE VIETNAM JEWELRY INDUSTRY OVER TIME

Period
1975-1988

Consumption output: 5 tons / year

Gold market officially froze after Liberation Day. Business operations and manipulation were completely hidden and limited in a narrow scope

Period
1988-2001

Consumption output: 10 tons / year

Trading gold bars and gold jewelry was formally re-established with Decree 33 / ND-CP along with the establishment of state-owned Gold & Jewellery companies from the central to local levels (VietGold, SJC, PNJ ...) allowed to import gold bars, gold raw materials for production and trading on a large scale. Private businesses were still small businesses.

Period
2001-2012

Consumption output: 15 tons / year

Decree 174 / ND-CP promoted the private sector of Gold & Jewellery to develop business production in a typical way with the establishment of DOJI Group and attracted many foreign companies to invest in manufacturing facilities in Vietnam (Design International, Pranda, Tomei ...). Many jewelry shops were opened nationwide such as DOJI, PNJ ... Consumption was improved, quality and gold content were guaranteed.

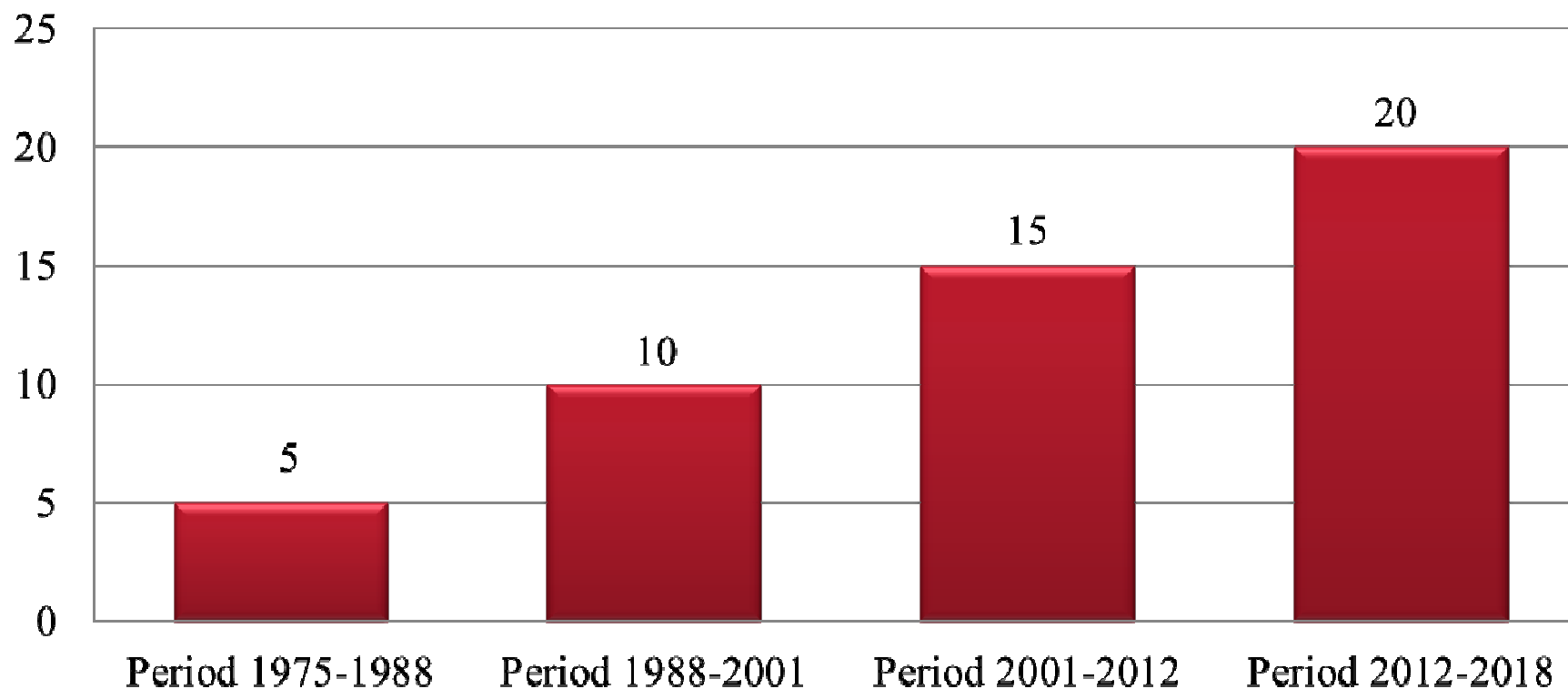
Period
2012-2018

Consumption output: 20 tons / year

Decree 24 / ND-CP has brought stability to the gold market and creates favorable conditions for large enterprises such as SJC, DOJI and PNJ to develop production facilities and business networks on a national scale.

I THE DEVELOPMENT OF THE VIETNAM JEWELRY INDUSTRY OVER TIME

Gold jewelry consumption through stages(tons)



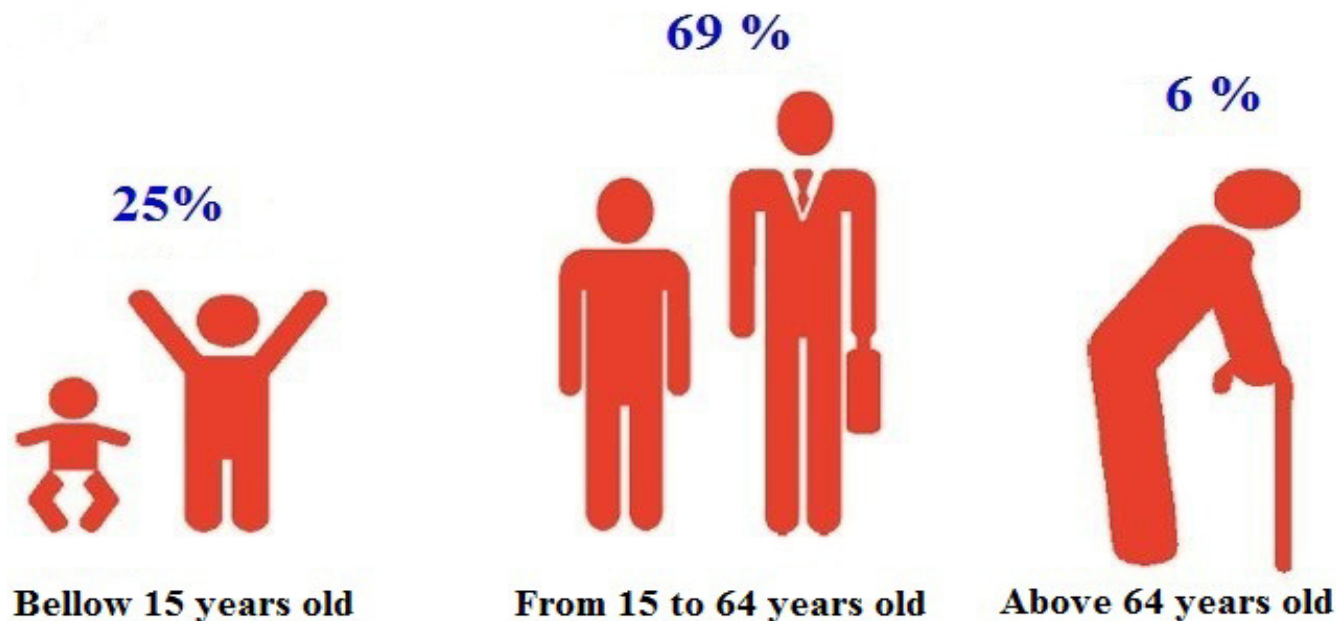
II - POTENTIAL OF THE MARKET



II POTENTIAL OF THE MARKET

1. Population and population structure in Vietnam

The Age structure of population in Vietnam

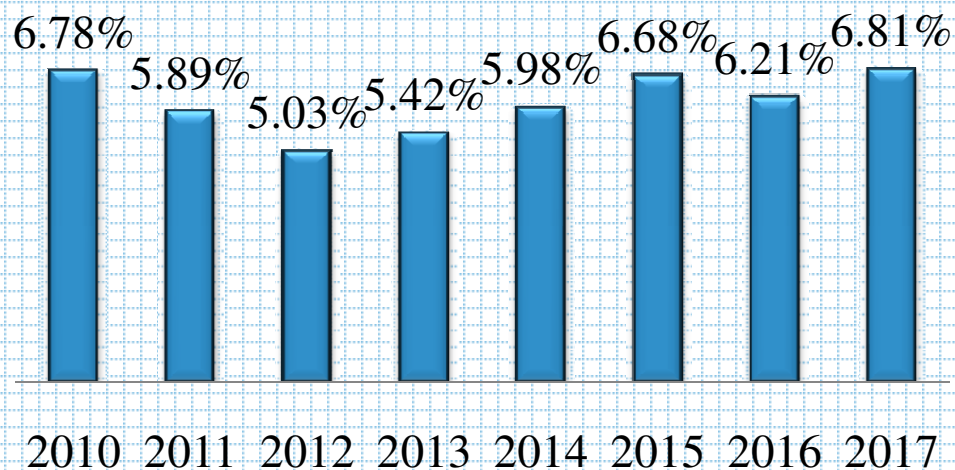


The current population of Viet Nam is over 96 million people with age structure: from 15-64, accounting for 69% → Viet Nam has a golden population structure

II POTENTIAL OF THE MARKET

2. GDP and average income of Vietnam from 2010 to 2017

Vietnam GDP from 2010- 2017



Vietnam Everage Income from 2010- 2017(USD)



- ◆ High and stable GDP growth rate from 2010 to 2017 is 6.1% on average. Growth will continue to hit 7% by 2025.
- ◆ In the period 2010-2017, Vietnam's per capita income has grown steadily over the years from \$ 1,273 in 2010 to \$ 2,385 in 2017 → rapidly growing middle class.

II POTENTIAL OF THE MARKET

3. Taste and psychology of consumption for gold and jewelry

- ◆ The total population of nearly 100 million is in the state of the golden population structure, the middle class rising fast, people still carry the traditional psychology and gold hoarding preferences. However, there has been a shift in the habit of buying gold bars to buy gold jewelry with 3 purposes Jewelry - Investment - Storage.

4. Demand for gold in Vietnam

- ◆ With 70% of the population aged 15-64, of which 51% are female → Generate abundant shopping
- ◆ According to calculations from the World Gold Council, the value of gold per capita in Vietnam in 2015 is USD\$6.2, equivalent to 60% of Malaysia's consumption and 7% of Singapore. In addition, the consumption of gold jewelry in Vietnam compared to total gold consumption is only 25% while the rate in other countries in the region is over 50% (except Thailand: 14%) → plenty of places to grow in the future. Estimated gold jewelry consumption is expected increase to an average of 40 tons per year by 2025



III - CHALLENGES AND LIMITATIONS OF THE MARKET



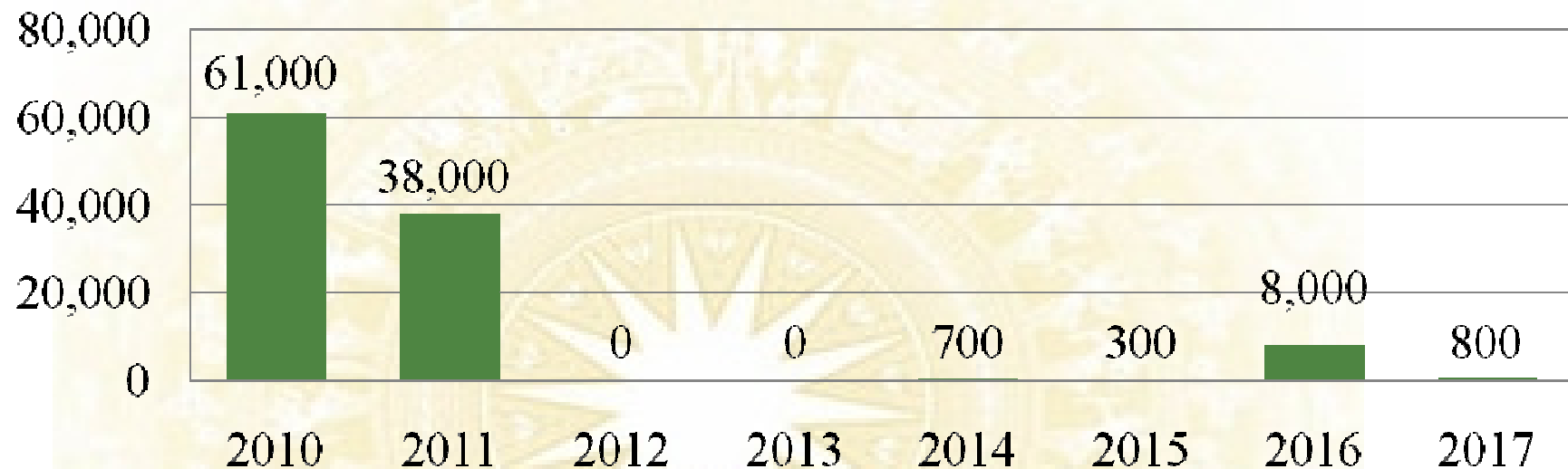
III CHALLENGES AND LIMITATIONS OF THE MARKET

- ❶ Jewelry production activities in Vietnam are mainly of small scale, so it is difficult to make breakthroughs in product development
- ❷ The 4.0 technology is taking place strongly in many fields, but due to the specificity of the gold industry, with small and handicraft production bases, most small enterprises and not having access to modern and synchronous technology → to low labor productivity, uneven jewelry quality.



III CHALLENGES AND LIMITATIONS OF THE MARKET

Gold Jewellery export report from 2010-2017 (kg)



- ☞ The policy on gold market has many positive points, however, there are some shortcomings which make it difficult for the development of the gold industry: the domestic gold price and the world market are quite different as the Gold producers are not allowed to import gold, and at the same time make it difficult for enterprises to actively source raw materials → the competitiveness of enterprises are reduced and more difficult for export. 2010 : 61tons; 2011 : 38tons , 2012 & 2013 : 0 tons , 2014: 0.7tons, 2015 : 0.3tons, 2016 : 8tons, 2017 : 0.8 tons

IV - OPPORTUNITIES FOR THE MARKET AND FOREIGN INVESTORS



IV OPPORTUNITIES FOR THE MARKET AND FOREIGN INVESTORS

1. Opportunities for the market

☞ Tectonic government has been creating favorable conditions and timely solutions to many difficulties for the operation and development of enterprises.

☞ Decree 24 is being revised to create more favorable conditions for businesses and promote the development of the gold market in the future.

☞ The State Bank of Vietnam is considering allowing gold companies to import raw material to manufacture jewelry and abolish unnecessary licenses.

☞ The habits of gold storage and high demand of jewelry in Vietnam \ bring great opportunities for the market.

IV OPPORTUNITIES FOR THE MARKET AND FOREIGN INVESTORS

2. Opportunities for investors

The policy of opening the economy is a consistent policy and implemented in a synchronous manner to create an attractive investment environment for foreign investors.



Vietnam is a member of the WTO, has signed many bilateral trade agreements with economic powers and important partner countries of Vietnam.



2. Opportunities for investors

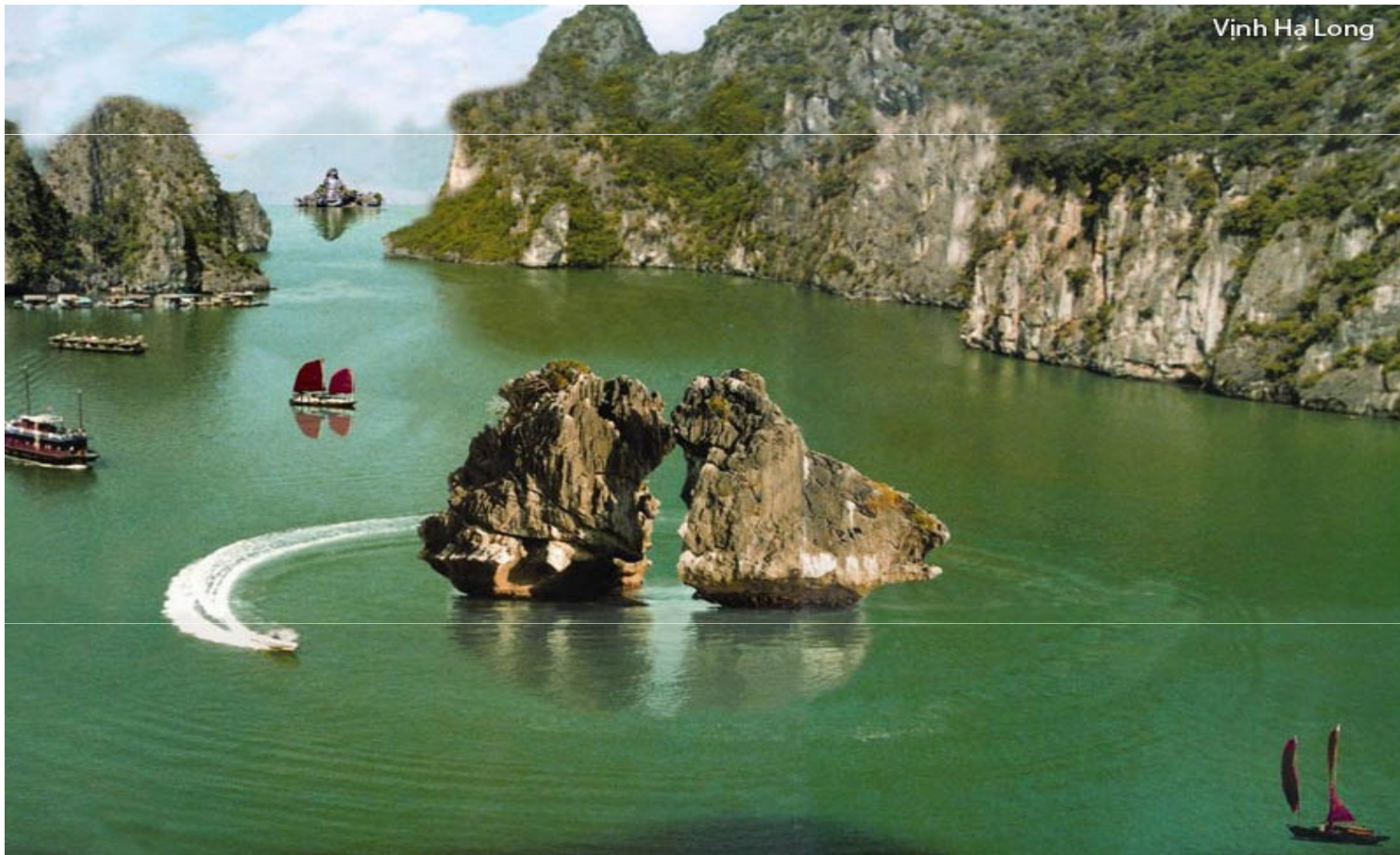


Import tax policies are implemented in favor of enterprises, and Vietnam imposes zero tariffs for jewelry on those countries that have trade agreements(currently China and the ASEAN)

Vietnam has strengths with young and skilled workers who are creative and quick to adapt to scientific and technological advances to create more sophisticated products, unique models → Vietnam Jewellery Industry will be able to reach the level of the country in the area.

4.0 technology is a trend that gold companies can not stand outside to avoid falling behind in technology. Vietnam has 10,000 enterprises engaged in jewelry production and trading, but only a few large enterprises have the ability to invest in technology. However, when the policy is amended, the business environment is more favorable, a lot of companies will invest strongly in production and import of many modern machines and equipments.

Thank You



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