

Speech of APPMC

Special Focus - China Forum

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Distinguished CEO Mr. Albert Cheng, President Ganapthy, ladies and gentleman:

Good afternoon, everyone! I'm the General Manager of Shanghai Gold Exchange International, Zhao Fanghua, it's a great pleasure to discuss future opportunities of gold market with you in APPMC 2021. First of all, let me represents Shanghai Gold Exchange to thank SBMA and Mr. Albert Cheng for the opportunity of meeting you guys online during this special period. Also, I'd like to thank **Mr. Kent Wong Siu-Kee, managing director of Chow Tai Fook Jewellery Group** and **Mr. Liang Weiye Terron, head of bullion trading, Bank of China Hong Kong**, thank you for attending this webinar. They will talk about the China's market from the perspective of SGE members and share their views on the international development of China's gold market as guest speakers. In addition, I would like to thank all of you guys for your focus on the Chinese gold market and SGE. Hope the webinar today will help you to have a new view of the Chinese

market.

The epidemic since last year took a heavy toll on the global gold market. As the largest gold production and consuming market in the world, China's gold market is also facing many challenges. At the beginning of the epidemic, China's gold mines and jewelry manufacturing enterprises were under much pressure of shut down. With China gradually recovering from the pandemic, our gold enterprises have resumed production while making efforts to prevent the epidemic. Production capacity, supply and demand of China's gold market have gradually recovered. Despite the severe impact of the epidemic, China's gold market is still resilient and active. In 2020, China produced nearly 400 tons of raw gold, and the gold production of large gold refiners was basically flat year-on-year. Under the severe situation of the epidemic, China's strict measures against the covid carried out some good results. Enterprises of gold products have explored new online channels and new markets. Gold coins, gold bars, gold jewelry and other products have eye-catching sales performance.

With the control of the epidemic in China, the China's economy

has recovered. In first quarter of 2021, China's retail consumption of gold rebounded strongly with significant growth in sales performance of social retail and catering industries. A number of leading Chinese gold and jewelry companies reported first-quarter sales that doubled from a year earlier, physical gold demand in China's gold market recovered quickly and is expected to increase further.

As the core of trading, delivery and storage of physical gold in China, SGE actively maintained market order during the epidemic, and supported members which facing challenges, continued to explore new opportunities for the common development of the China's and international gold markets.

Since 2019, SGE cooperated with international members and Chinese gold enterprises to launch the "Gold Road" project for the international market, in order to promote the common prosperity of the global gold market through the industrial chain cooperation of the global gold market. In the "Gold Road" project, SGE has launched business models such as "Gold Leasing + Jewelry Processing" and "Standard Gold Ingot Processing and Re-export". At present, market participants from Thailand,

Singapore and other regions have participated in the project, making full use of China's high-quality design capabilities and the convenient investment and financing channels of SGE to make win-win development. The launch of "Gold Road" has explored the channel for enterprises of global gold industry chain to get in touch with the price, supply and demand of China's gold market, moreover, the project provides a platform for market cooperation.

Over the past year, the epidemic has brought challenges to the circulation and trading of the global gold market, but it has also given us new insights -- even with many difficulties and obstacles, our gold market remains a global connected community.

Looking into the future, with the China's market continues to open up, we believe there will be more international institutions, especially those from Southeast Asia, participating into the China's local market, and more Chinese institutions participating into the international market as well. SGE is actively exploring the opportunities of China's gold market international development, and has established communication and cooperation channels with many global exchanges and

associations, and will continue to be committed to promote the common prosperity and development of the market. We believe the gold market will have more opportunities after the epidemic, and we also look forward to have a better future with much more market participants.

Thank you all!

Next, I would like to invite my colleagues to introduce the efforts of SGE in international development to you, especially in connecting the Southeast Asian market.