

EXECUTIVE SUMMARY

COUNCIL'S PARTICIPATION IN THE 2006 CHINA INTERNATIONAL JEWELLERY FAIR HELD FROM 8TH TO 12 NOV 2006 AT CHINA INTERNATIONAL EXHIBITION CENTRE, BEIJING.

Council for the first time participated in the 2006 China International Jewellery Fair, held from 8th to 12 Nov 2006 (5 days) at Beijing. The show was organized jointly by Gems & Jewellery Trade Association of China and National Gems & Jewellery Technology Administrative Centre and Co-Organized by Beijing Zhongbaoxie Exhibition Co Ltd.

There were nearly 450 exhibitors occupying 1200 booths approx in an area of 30000 sq mts. The visitors were mainly retailers, wholesalers, manufacturers, designers, students from the Jewellery and gemstone institute and university. Most of the visitors were mainly from the South East Asian Countries. There were very few visitors from Europe, USA, Sri Lanka, Brazil, Italy & Libya. There were hardly any Indian exhibitors and visitors. The flow of visitors on the 1st, 4th & 5th day were good compared to the 2nd & 3rd day. Although official figures are not yet available it is estimated there were approx 25000 visitors.

There was a mixed response from the exhibitors. Exhibitors dealing in Jade, Coral & Tourmaline had good business. Others dealing in colour stone, blue topaz, and other big stones have done average business. Jewellery plain and studded of 18 Karat did average business. Information collected from various sources reveals that Chinese prefer Yellow gold. Younger people prefer latest design, style and fashion in 18 karat in the price range of 1000 to 2000 Yuan (US\$100 = 778 Yuan). Some of the exhibitors were of the view that there are many visitors but less business.

Council's Stall

There were many visitors to the Council's stall. Apart from the manufacturer, retailers, wholesaler from China and other countries, visitors included senior officials of Gems & Jewelry Trade Association of China (GAC) / Beijing Zhongbaoxie Exhibition Co Ltd, Professor and Academicians from University, Press Reporter, GIA HRD, etc.

The visitors were informed of the India International Jewellery Show 2007; brochures of IJJS 2007, Sparkling Success were given to the visitors. Visitors appreciated the Solitaire International magazine for its look, content and layout.

Council's representative had a detailed meeting with Mr Longman Hee, Deputy Director of Foreign Liaison Dept, Ms Leyan Wang, Director Assistant of Exhibition Dept and General Manager Assistant, Ms Haiyan Lv, Director Assistant all of Gems & Jewelry Trade Association of China (GAC). Issues of Trade delegation from India to China, future participation by Council and Indian manufacturers in the Show were discussed. Further discussions were held with regards to delegation from China to IJJS 2007 and inviting Chinese manufacturer to book stall at the IJJS. 12 potential visitors from various countries have shown keen interest to visit IJJS 2007.

Chinese market:

According to one of the senior reporters of Chinese Jewellery magazine, Indian Jewellery Industry and IT industry are held in high esteem by the Chinese. Chinese in general are fascinated by the Indian tradition Jewellery but they do not have enough knowledge and information of the same.

The disposable income has risen in China resulting in enhancement of the standard of living and the ability to purchase has also risen. At present the Jewellery market is estimated at 120 BN Yuan (US\$15.42 BN) which is expected to rise to 140 BN (US\$ 18 BN) by 2008.

Italy in collaboration with China are already making inroads in the Jewellery market. World Gold Council (WGC) has undertaken promotion and advertising campaigns in China.

According to a reporter De-Beers has analyzed that the consumption of Jewellery in USA is reducing, and China is perceived to have huge potential for Jewellery consumption. Therefore De-Beers are organizing seminars and workshops in University on Jewellery to en-capture the young minds.

Initially Chinese had preference for 24 Karat Gold, of late age group between 20 to 40 years prefer 18 Karat Gold. During marriages season Platinum studded with Diamonds are in good demands.

The exports of Jewellery from India to China are minuscule. There is a huge market to be tapped, for which Indian manufacturers have to acclimatize to the Chinese taste & preference. India has to focus on the Product, Placement, Promotion and Pricing in China.

Beijing is organizing the Olympics which is scheduled to be held in August 2008, and it would be ideal to launch a powerful media campaign before and during the Olympics, which should ideally have a good impact on the

Chinese consumers. Thousands of sportsmen & sportswomen and visitors are expected to visit Beijing and it will be an ideal opportunity for the Council to introduce the Indian gems and jewellery in Chinese market.

Council should also undertake massive media campaign in Chinese in the local trade journals, magazine and putting up hoardings at important centre to attract the attention of the Chinese consumer.

In the future it is viewed that the competition between Jewellery manufacturer is unimportant but the competition of Jewellery with other luxury items as car, electronic goods, etc will be fierce. Jewellery industry has to re-create the age old tradition that Jewellery is a non-diminishing investment with appreciation value compared to other luxury items and focus its marketing strategy on this concept.

SHOW ANALYSIS:

Beijing is capital of China and political nerve centre. Whereas Shanghai and Shenzhen are hub of gems and jewellery activity and perceived to be Commercial Capital of China. GAC organize three show in Beijing, according to the feedback the first and second show are better than the current show. However some of the exhibitors prefer the Shenzhen and Shanghai Jewellery show.

It is suggested that Council should take a stall showcasing the merchandise of few companies to evaluate the market demand of quality, design and price and study the consumers psyche in order to enter the Chinese market.

Council was represented by Shri Ganeshan Pillai, Director Accounts and Administration.

REPORT ON THE GEM & JEWELLERY COUNCIL'S PARTICIPATION IN THE 2006 CHINA INTERNATIONAL JEWELLERY FAIR HELD FROM 8TH TO 12 NOV 2006 AT CHINA INTERNATIONAL EXHIBITION CENTRE, BEIJING.

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SHOW OPENING CEREMONY AND OTHER EVENTS:

The Opening ceremony was held on the 2nd level at the venue. The Fair was inaugurated by Mr Sun Wensheng, Minister of Land & Resource and concurrently appointed as the President of GAC. Mr Chen Zhouqi, Vice-President and former President of Ministry of Land & Resource, China made the welcome address.

China Gems & Jewellery Trade association official website www.chinajeweller.com was also inaugurated by Mr Sun Wensheng and other dignitaries.

The exhibition was held at the First floor of Hall No 1, 2 & 3 at 1st, 2nd & 3rd Floor respectively. There were nearly 450 exhibitor's occupying 1500 booths approx. The exhibition is organized at a Permanent Convention Centre which is in the heart of the City with excellent infrastructure. The venue of the jewellery exhibition is covered over an area of 30,000 sq mts approx.

Countries Pavilion :

Thai Gem and Jewellery Association for the first time organized Thai Pavilion with 20 stalls which was offered by the GAC on barter basis. Under the Taiwan pavilion there were 88 stalls and Hong Kong Pavilion there were 62 stalls. Some of the Jaipur based company having their office at Thailand participated under the Thai Pavilion.

ORO DI ROMA: Italian Govt sponsored Italian Show window showcasing the top jewellery manufacturers were displayed at the fair.

Thai association organized a fashion show in the venue, which was attended by many exhibitors, visitors and media. There was another fashion show organized by ORO DI ROMA, Made in Italy.

According to reports gathered GAC selects top 33 companies who are the Top Jewellery Manufacturing Company from China and promote them. Out of the above 13 China Top Brand Company participated in the show

SEMINARS:

Seminars on AGS Diamond Cut Grading, Laboratory Procedures and Current marketing trends, etc were held for enhancing the knowledge of the visitors and exhibitors. Lectures were held Diamond Treatment and Synthesizing technology.

Banquet was organized by the GAC association for the top jewelers, exhibitors and for the media at Crown Plaza Hotel on 10/11/2006. There was a glittering fashion show showcasing the jewellery of the top brand companies from China.

GAC has already announced the 2007 China International Jewellery Fair to be held from 1 to 5 Nov 2007 at the same venue.

SHOW VISITORS PROFILE:

The visitors were mainly retailers, wholesalers, manufacturers, designers, students from the Jewellery and gemstone institute and university.

Most of the visitors were mainly from the South East Asian Countries. There were very few visitors from Europe, Sri Lanka, Brazil, Libya. There were hardly any Indian exhibitors and visitors. The flow of visitors on the first day and second last and last day were good compared to the second day and third day. Although official figure are not available it is estimated there are approx 25000 visitors.

Apart from the trade visitors there were also few general public.

RESPONSE FROM EXHIBITORS:

There is a mixed response from the exhibitors. Exhibitors dealing in Jade, Coral & Tourmaline had good business. Others dealing in colour stone, blue topaz, and other big stone have done average business. Information collected from various sources reveal that people from North China prefer Yellow gold, while the younger people prefer latest design, style and fashion in 18 karat in the price range of 1000 to 2000 Yuan average (US\$100 = 778 Yuan). Some of the Exhibitors were of the view that there are many visitors but less business.

Sample of Response from exhibitors are given in enclosure 1

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COUNCIL'S PROMOTIONAL STALL :

There were quite a number of visitors to the Council's stall. The visitors were informed of the India International Jewellery Show 2007; brochures of IIJS, Sparkling Success were given to the visitors.

Visitors appreciated the Solitaire International magazine for its look, content and layout. Some visitors especially from Thailand informed that they are regular readers of Solitaire, they further said that its contains important information related to the trade.

There were many important officials who visited Council's stall. Visitors included senior officials of Gems & Jewelry Trade Association of China (GAC) / Beijing Zhongbaoxie Exhibition Co Ltd, Professor and Academicians from University, Press Reporter, GIA HRD, etc . List of visitors are given as annexure II .

Apart from the above many manufacture, retailers, wholesaler from China visited the Council's stall.

Council's representative had a detailed meeting with Mr Longman Hee, Deputy Director of Foreign Liaison Dept, Ms Leyan Wang, Director Assistant of Exhibition Dept and General Manager Assistant, Ms Haiyan Lv, Director Assistant all of Gems & Jewelry Trade Association of China (GAC). Issues of Trade delegation from India to China, future participation by Council and Indian manufactures in the Show were discussed. Further discussion were held with regards to delegation from China to IIJS 2007 and inviting Chinese manufacture to book stall at the IIJS.

Promotion of IIJS 2007:

Press release for IIJS 2007 was translated into Chinese and circulated to the media and also to the visitors who visited the stall.

Brief details of the past and the forthcoming IIJS 07 were informed to the visitors who mainly consisted of retailers, wholesalers, manufacturers, designers, students of Jewellery institute and University, which created a keen interest among the visitors regarding IIJS 2007.

List of 12 potential visitors who have shown interest to visit IIJS 2007 (annexure 3)

MEDIA:

Pre-dominantly gems and jewellery trade magazine and newspaper are printed in Chinese which has a wide circulation all over China, Taiwan, Hongkong, etc. Some of the popular and widely circulated and read gems and jewellery trade magazines and journals are as follows:

1. Gem & Jewellery weekly : Since 1994 has a circulation of 120000, frequency weekly. Circulated all over China, Hongkong, Taiwan & Singapore.
2. China Gold : Bi-weekly news paper.
3. Jewelry Instyle.
4. Jewellery Fashion International

As per the discussion with the representative and reporters, they are willing to write about IIJS pre and post event and publicize through articles and reports in their respective magazine. They further indicated that they be given stalls or table space in IIJS in lieu of the advertisement released. Some of the reporters were informed that they have cover pre-and-post IIJS in their magazine and journal in turn Council will invite them during the show and will offer them airtickets and hotel accommodation.

CHINA MARKET:

According to one of the senior reporter of Chinese Jewellery magazine, Indian Jewellery Industry and IT industry are held at high esteem by the Chinese.

Chinese in general are fascinated by the Indian tradition Jewellery but there do not have enough knowledge and information of the same.

The disposable income has risen in China resulting in enhancement of the standard of living and the ability to purchase has also risen. At present the Jewellery market is estimated at 120 BN Yuan which is expected to rise to 140 BN by 2008.

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According to De-Beers the consumption of Jewellery in USA is reducing, and China is perceived to have huge potential for Jewellery consumption. Therefore De-Beers are organizing seminars and workshops in University on Jewellery to en-capture the young minds.

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The exports of Jewellery from India to China are minuscule. There is a huge market to be tapped, for which Indian manufactures have to acclimatize to the Chinese taste & preference. India has to focus on the Product, Placement, Promotion and Pricing.

It is suggested that Council should take a stall showcasing the merchandise of few companies to evaluate the market demand of quality, design and price and study the consumers psyche in order to enter the Chinese market.

Council should also undertake massive media campaign in Chinese in the local trade journals, magazine and putting up hoardings at important centre to attract the attention of the Chinese consumer.

In the future it is viewed that the competition between Jewellery manufacturer is not of much importance but the competition of Jewellery with other luxury items as car, electronic goods, etc will be fierce. Jewellery industry has to re-create the age old tradition that Jewellery is a non-diminishing investment with appreciation value compared to other luxury items and focus its marketing strategy on this concept.

Annexure I:

- i. An exhibitor from Thai Pavilion, informed that they are participating regularly and bring their goods under ATA Carnet for display. However when the goods are to be sold across the counter they have to pay 52% tax on the same day.

- ii. An exhibitor from South India dealing in colorstone, having office in HongKong informed that he was not satisfied with the show as he has to pay nearly 50% tax, after selling the goods as per the norms, one has to wait for one week for clearing the paper and the money is received after two weeks. Doing business legitimately is very difficult proposition in China. He said he was not even able to recover the cost of the stall.
- iii. An exhibitor from Hongkong who is dealing entirely in Italian hand made jewellery informed that, the Chinese replicate the Italian design and sell in the market for cheaper value, which is adverse to the business of genuine manufacturer. He further informed that Shenzhen Jewellery show held on March & September is better show especially the latter one. However as a wholesaler he prefers to attend this show in future also, since Beijing is also expected to be a good market.
- iv. An exhibitors from Jaipur having office in Hongkong & Bangkok participated in the Thai pavilion, informed that in the exhibition there is good demand for Jade, Coral, Tourmaline, whereas blue topaz, and other big stone are not in sync with the market. He further added that Chinese businessmen are very hard bargainer and not reliable for doing business. He further informed that Panyun is a very good jewellery hub. Companies like KGK, JB Diamonds have set up their factory, there are 600 to 700 factories. Their labour is cheap, with consistent power supply, each factory is employing on an average 2000 people.
- v. There are three jewellery exhibition held at Beijing in a year. According to one exhibitors, the number of exhibition should be reduced, for doing good business, however he further informed that last year the business was good.
- vi. One of the semi precious gemstone jewellery manufacturer from China informed that there company are dealing from lower to medium price range product, has over more than 1000 franchise in China, now they are planning to enter in overseas market which according them had good business potential. He further informed that his company has been year on year participating in this show, to make their presence felt and also to support the Govt who are the organizers of the show. According to him his company is doing moderate business in the show.
- vii. Some of the exhibitors informed that they intend to open a branch in Beijing and expand the business here.
- viii. An exhibitors from Srilanka informed that there is a good market for colored gemstone and silver jewellery in China, they are in wholesale business and their products are ranging from 1000 Yuan to 2000 Yuan. As there are 3 exhibition in Beijing the first and second exhibition is good. The current exhibition which is the third one is mostly for showcasing the product. However the exhibition is still growing year after year , however the future of the exhibition seems to be good.
- ix. Local exhibitors are selling their product across the counter.

ANNEXURE II.

List of visitors to Council's Promotional stall:

1. Mr Xiao Yi, Business Director of Exhibition Dept., Gems & Jewellery Trade Association of China (GAC) / Beijing Zhongbaoxie Exhibition Co Ltd.
2. Ms Leyan Wang, Director Assistant if Exhibition Dept, General Manager Assistant, Gems & Jewellery Trade Association of China (GAC) / Beijing Zhongbaoxie Exhibition Co Ltd.
3. Mr Longman Hee, Deputy Director of Foreign Liasion Department of Gems & Jewellery Trade Association of China (GAC).
4. Ms Inge Vanneste, Business Development Manager, Pacific Island Forum Trade Office.
5. Prof Hi Mingue, China University of Geosciences & Gem Association.
6. Mr Panas Keawlai, Governor of Chanthaburi Province, Thailand.
7. Prof Sakda Siripant, Fellow of The Royal Institute, Hon.ERPS (GB) & Advisor to The Gem and Jewellery Institute of Thailand (Public Organisation).
8. Mr Suren Patel 2nd Deputy Director Liaison, Thai Gem and Jewelry Traders Association.
9. Ms Chow You Yo from Fortune Jewelry Weekly Magazine.
10. Mr Zhao Qiying, from China Gold News, Jewellery & Gold & China Gold Net (all magazines).
11. Ms Liu Shu Lan, Reporter of the Gems & Jewellery Weekly.
12. Mr Haiyan Lv, Director Assistant of Comprehensive Department.
13. Ms Chao Liu, Business Manager, Chinese Commerce Century (Beijing) Science & Trade Development Co., Ltd (www.chinajeweler.com)
14. Ms Yu Zhao, Foreign Liasion Dept, of Chinese Commerce Century (Beijing) Science & Trade Development Co., Ltd (www.chinajeweler.com)
15. Mr Li Chuery Xia, from GIA, HRD, China.
16. Mr Henry, Officer of Orient Sun Media (Jewellery Fashion International magazine).
17. Mr Li Cheng, President of Young Volunteers Association & Work Study Association, China Institute of Industrial Relations.
18. Mrs Pai Geun Eee, Reputed Jewellery designer from Beijing.

ANNEXURE III.

LIST OF POTENTIAL VISITORS FOR IIJS 2007

1. Mr Tadeusz Kwiatkowski, of M/s Berkwiat (Amber & Silver) ul, Wagnera 36, 80-171, Gdansk, Poland. Email : berkwiat@berkwiat.com.
2. Mr Gedeon Henrique Nobre, Chemist – Technical Consultant, Mining & Gemstone supplier, M/s IPEL, Rua Francisco Jose Longo, 23 PC 04140060 Sau Paulo /SP, Brazil Email: gh.nobre@terra.com.br.
3. Mr Hassan A Hamza, Purchase Manager, M/s Aroos Albahar Jewellery, Sooq Altoroq Shop (48), Tripoli, Libya 1111. email : Hassan_74@yahoo.com.
4. Mr H.M.M.Imthikar, Proprietor, M/s Gemsha, 481, 1st floor, Galle Road, Colombo -03, Sri Lanka, Phone No +94 11 2595956/2582454 Fax No +94 11 2595957.
5. Mr S.A.Ali, Managing Director, M/s United Colourstone Co Ltd, 180, Soi Amorn Ratanaditok, Naret Road, Bangrak, Bangkok, Thailand. Ph No 662 6315196 Fax 6315197 email : Info@unitedcolourstone.com
6. M/s Juliet, Beijing, China, Cell No 13911372850, www.juliet925.com.
7. Ms Zhu Yi, Vendome Art Jewellery Co, Ltd, Room 2076, Nanxincang Building, Dongsishitia, Beijing, China. Ph No 13161180267 email : evebonjour@yahoo.com.
8. Mr Song Tian Jun, Fax No 86-022-27229408, Cell No 13502144616 email : aopunuo@yahoo.com.cn
9. Ms Thunchu Soe, Cell No 13811986992, email : dilvzhubao@hotmail.com
10. Mr Stephen Mok, Director, M/s Brio Jewellery Co Ltd, Flat 1A, Fook Shing Ind. Building, 1A Yuk Yat Street, To Kwa Wan, Kowloon, Hongkong. Tel No 23639038, Fax 27656688, 23345475 email : brjolry@hkstar.com
11. Mr Vincent Wang, Overseas Market Manager, M/s Ghanshou Istone Jewellery Co, Ltd, Jewelry Centre No 1, Daguan Road, Huadu Dist Guangzhou City China, Phone No 020-36865666 Fax 36865688 email istone@istone.cn ; famous01@ms31.hinet.net.
12. Mr Su Nn Ihug, M/s Hengshengzhvbaoyou Xiangongsi, China, Cell No 13841168768.

Gem & Jewellery Trade Association of China (GAC):

GAC was earlier know as Gemmological Association of China. It was established in 1991, is a national association of the gems and jewellery trade, approved by the Ministry of Civil Affairs of People's Republic of China. The role of the GAC is to bind together the entrepreneurs and the Govt. GAC works on the principal of "Serving the entrepreneurs, standardizing the trade and develop the industry"

GAC mission rather mantra is to unite the entrepreneurs, public service units, professionals engaged in the gem and Jewellery industry to enable the trade to progress in a healthy, steady and rapid way. GAC comprises of GAC Secretariat, Beijing Zhongbaoxie Exhibition Co Ltd. & GAC Gem Identification centre. GAC has established 8 branches and 8 committee. Gems and Jewellery Trade Associations from other provinces (Cities, autonomous regions) are all members of GAC. GAC has over 1000 unit members and about 500 individual members which is spread over 31 provinces (regions, cities) and Hong Kong, Macao and Taiwan.

GAC sponsors two magazines i.e China Gems and Jewellery Fashion which circulates inside and outside China. GAC provides information services to its members through Inside Correspondence and Gems and Jewellery Trade Network.

GAC branches are all standing bodies of the association and mainly undertake the work on relevant information collection, policy research, professional skill communication, key problem tackling, professional knowledge dissemination, employees training and jewellery market development. The main branch and their responsibility are as follows:

- b. Diamond: To push forward and maintain the healthy development of internal diamond cutting, manufacturing and inseting techniques; to increase the influence of Chinese diamond manufacturing industry and expand its market share.
- c. Jade: To promote jade culture, cultivate jade carving talents and push forward the development of jade industry.
- d. Pearl : To initiate the scientific ways to cultivate pearls and raise the quality of pearls; to undertake its work for the sale of publishing "China Pearls", building up famous pearls brands and developing pearls enterprises.
- e. Colour stone: To unite colourstone manufacturers and processors to maintain the harmonious development of colorstone industry by enlarging domestic and international markets and strengthening the technological research ability.
- f. Precious Metal (Gold, Platinum and Silver) Jewellery branch: To expand the international popularity and influence of internal precious metal jewelry manufacturers and facilitate the sound development of precious metal jewelry industry.

- g. Fashion Jewellery: To push forward the brand-construction and development of internal fashion Jewellery to help such enterprises to exceed international trade.
- h. Collection: To unite the persons involved in gems and Jewellery collection and appreciation business to dig, exchange and transmit gems & Jewellery culture, so as to raise the Jewellery appreciation standard of the whole society and establish good environment for the expanding market.
- i. Seal stone: To inherit the good tradition and weed through the old to bring forth the new; to organize cultural, artistic and skill exchanges in relation to seal stone and ink stone; to develop the sound development of business affairs.
- j. Artificial Gemstone: To tackle key problems of the techniques; to publicizes the knowledge and expand the application of artificial gemstones.
- k. Jewellery Designer: To higher the level of internal jewelry designing by means of exhibiting, displaying, educating and training; to build up the characteristic Chinese jewelry industry with vivid and strong life force by fusing Chinese culture with international fashion style.
- l. Jewellery Testing and Assessment : To study and explore the standards, criteria and method for identification and assessment of Jewellery; to study the skills of identification and assessment activities of jewelry throughout the country so as to raise the level of jewelry identification and assessment and propel the sound development of the jewelry industry.
- m. Mineral Crystal : To increase the public awareness of mineral crystal by means of conducting scientific research, academic exchange, exhibiting and displaying activities and promote the jewelry culture.
- n. Jewellery instrument & Material: To organize research and investigate work to put forward suggestions and advice in relation to the development of jewelery instrument and material industry, to co-ordinate the relations between enterprises and government and lead the correspondent industry policies to better the environment of the industry.
- o. Standardisation Technology: To make and modify technology standards related to gems and jewelery industry.

End of report