

EXECUTIVE SUMMARY

We are a fintech startup in Hong Kong with three ambitious, innovative and passionate founders. Mr. Benson B.K. Chow (the chief founder and the former general manager of the Hong Kong Jewelry Manufacturers' Association), Mr. Ken Wong (former director of TSL Jewellery Group) and Mr. Larry Chan (Jewelry Trade Show Specialist) are all senior executives with expertise in jewelry retail, wholesale and export business for more than 20 years with entrepreneurial experience. We are committed to creating extraordinary value and professional services to both consumers and jewelry business owners by delivering simpler, faster and cheaper solutions.

In today's global gold and jewelry consumer market, of course, no value guarantee for the global gold & jewelry consumer market currently. The risk of value depreciation is borne by consumers themselves. This franchising service delivering extraordinary value to both consumers and jewelry retailers will topple over the traditional mindset. It makes sense for jewelry retailers to incent consumers to buy more gold & jewelry products as a stable investment, and helps boost their business eventually.

Prices(value) of gold & jewelry products sold to consumers will be pegged with spot gold prices and assured on the date of purchase. We, on behalf of the retailer, safeguard consumers against a potential fall in gold prices/value; at the same time, consumers might benefit from any potential rise in gold prices. With this unique advantage and a 3-12 month assurance, the retailer will attract more consumers to buy their gold and jewelry. If the gold price falls, consumers will be compensated for the difference from us through the retailer (or through our APP). On the contrary, consumers can earn the value appreciation amount if there is a rise in international gold prices. We use the combination of modern advanced internet and cloud computing technologies, algorithm together with gold derivative hedging instruments, to guarantees the price/value of the gold and jewellery bought by consumers for 3-12 months, and is extendable if needed. Please watch the video to know how it works for consumers. <https://1668gold.com>

We, fully understand, to be different from competitors on the market is an essential element in ensuring the prosperous future of the company. Based on our research, and over 20 years of solid experience in the international jewelry market, we do not find any similar business model or similar service available like us, in the global retail jewelry markets. It not only will this service protect the consumer from suffering any losses of the devaluation of their purchase but they also can benefit from the gold price appreciation. There is no doubt that the service will be welcomed by global consumers, especially in our targeted market - rest of Asia.



1668gold.com

#FINTECH
#ECOMMERCE
#JEWELLERY #RETAIL



Value Assurance Franchising Services for Global Jewelry Chain-Stores

Watch this
YouTube video
first, please

Awarded by Hong Kong Trade Development Council (HKTDC)

Our Team is Solid



Benson BK Chow



Ken Wong



Larry Chan

The main force of the team consists of three people, Benson B.K. Chow (the chief founder and the founding general manager of the Hong Kong Jewelry Manufacturers' Association), Ken Wong (former director of TSL Jewelry Group) and Larry Chan (Jewelry Trade Show Specialist), who have an average of more than 20 years of senior executive experience in different positions in Asia jewelry trade and industry with entrepreneurial experience.

Services applicable to the global markets

An innovative marketing tool to gold & jewelry retailer at all times and in all over the world

Value Assurance Service

Based
in
Hong
Kong

Radiating
the
world

Value Proposition: This project aims to guarantee 100% of the value of gold, precious jewelry & gems purchased by consumers all over the world, which not only enables consumers to enjoy the fun of preservation and appreciation, but also provides online and offline gold and jewelry retailers with a marketing tool to enhance their overall competitiveness and promote business volume and revenue. It is a perfect solution to the centuries-old pain point of the global jewelry business.

The major pain points for most consumers not often buying gold, diamond & precious jewelry...

- ① The uncertainty of preserving value;
- ② Fear that falling price of precious jewelry will lead to the capital being locked up;
- ③ Price/Value falling down after buying.

The key pain point for retail store

The fluctuation in the price of gold & gemstone greatly reduces the interests of consumers, thus the business cannot be boosted.



Consumer

1. Solved the uncertainty of the jewelry value on preservation
2. Increase the chance of profit from appreciation
3. Increase purchases of jewelry for asset allocation with the value assurance
4. Increase the purchase of jewelry to hedge against currency depreciation

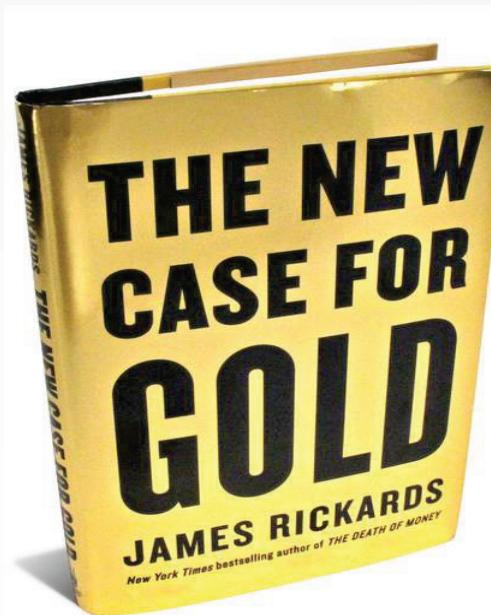
Jewelry Retailers

1. Increase the appeal of jewelry products to greatly boost the business
2. Improve commodity turnover to increase profits and operating efficiency

Part 1 1.3 An appropriate timing to launch ? *

Due to the constant trade wars and the COVID-19 crisis, geopolitics and conflicts among countries, the international financial market is full of various unstable factors, making the great fluctuations occur in the precious jewelry market.

From the perspective of the trend, it can be known that the volatility of the precious commodity market in the future will be intensified. The depreciation of the currency, the low interest rate of the dollar and unlimited QE factors will trigger the market demand for value assurance of precious commodities. This project emerges as the times require, which can obtain the favor in the future turbulent market.



This project takes the international gold standard system as the core value calculation basis.

Part 1 1.4 How it works for jewelry consumer?



HOW IT WORKS?
WATCH THIS VIDEO



Value Assurance Service : How It Works for Jewelry Consumers

In the case of rising value after 12 months (expiry date of value assurance), the rising is subject to the international spot gold price on the expiry date of value assurance. The customer will have cash rebate of value appreciation against the 18K diamond ring priced at \$10,000 X 20% (Rising rate of gold price index), say \$2,000 dollars will be transferred to the customer's bank account via our App.

CASE STUDY



In the case
of
rising value

In the case
of
falling value

End of March,
2021

12-month
Later

The 18K Diamond Ring
sold to the customer at
\$10,000 on April 1, 2020

12-month
Later

End of March,
2021

Spot Gold Price
Rise to \$1,920

12-month
Later

+ 20%

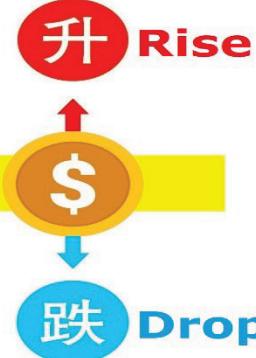
The spot gold
price is \$1600
on April 1, 2020

12-month
Later

- 25%

Spot Gold Price
down to \$1,200

CUSTOMER GAIN
 $\$10,000 \times 20\% = \$2,000$



CUSTOMER CLAIM
 $\$10,000 \times 25\% = \$2,500$

In the case of falling value after 12 months (expiry date of value assurance), the falling rate is subject to the international spot gold price on the expiry date of value assurance. The customer will have cash rebate of value depreciation against the 18K diamond ring priced at \$10,000 X 25% (Falling rate of gold price index), say \$2,500 dollars will be transferred to the customer's bank account via our App.

Franchising

Adopting the strategy of franchising, we implement a one-off, large-scale and low-cost expansion, and authorize "value assurance service" **to branded chain-stores** (* **target number of gold and jewelry stores not less than 3000 in first 2-year**), so that we can enter into the huge retail market obtain the Asian retail gold market share and achieve the following operating advantages as soon as possible:

- (1) We are able to maintain centralized control on a small scale, so that reasonable profits can be made without high capital risks or the daily operating of the franchisee.

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(2) Since we do not need to be involved in the staff management of the franchisee, we have relatively few staff issues to deal with.

(3) We do not assume any responsibility as we do not own the franchisee's assets (various gold and precious jewelry products) and the responsibility for ensuring the safety of the assets rests solely with the owner of the assets.

(4) We can establish a distribution network through franchising to ensure the market development of the products. There is a saying about the market that "where there are people, there is Coca-Cola". The reason why these brands become ubiquitous is that they have used franchising to expand on a large scale at low cost.

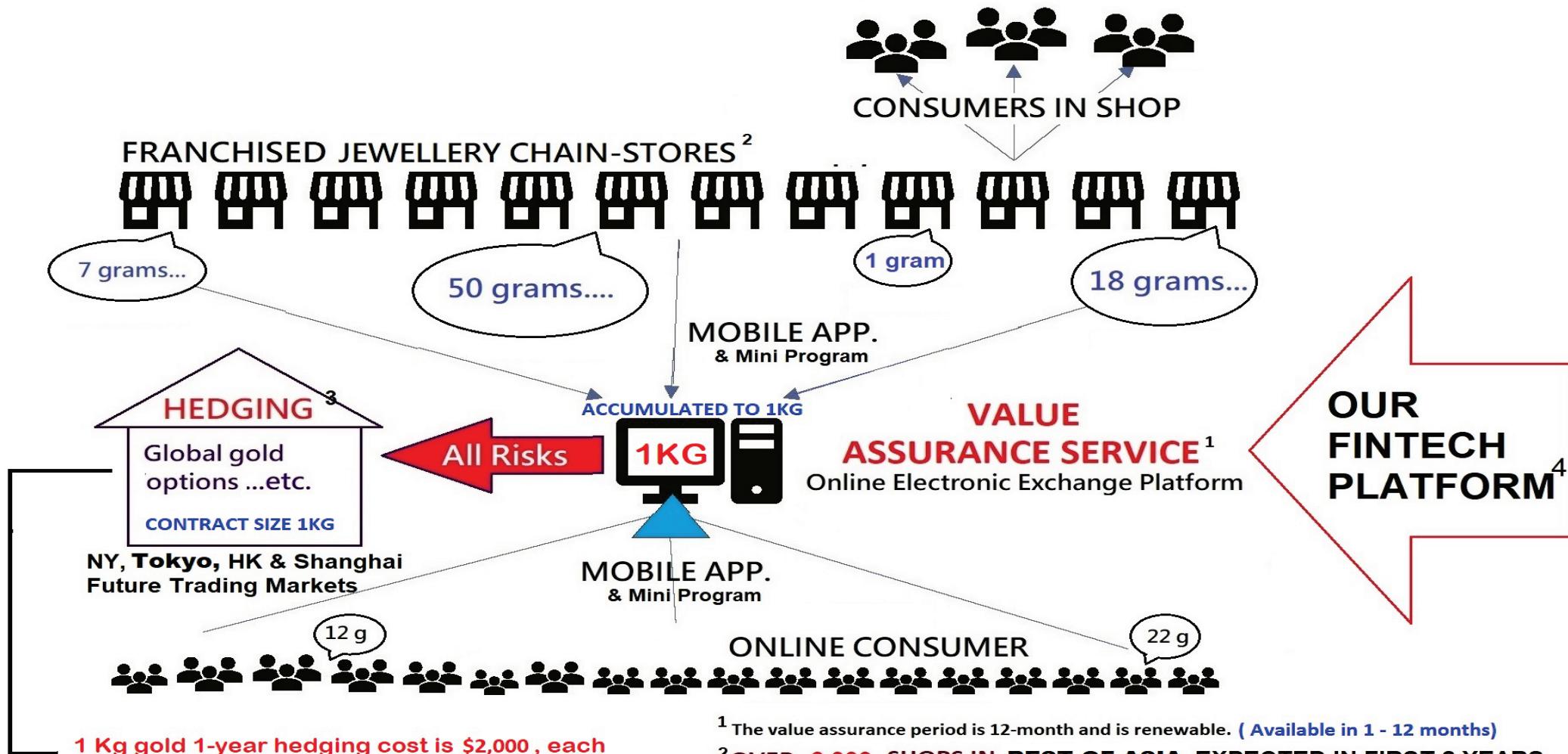
Market Sizing (TAM, SAM, SOM)

TAM (Total Available Market) The \$310 billion global jewelry market is forecast to grow 5% a year through 2020, based on Euromonitor data. Reported by Bloomberg Intelligence analysts.

SAM (Serviceable Available Market) Greater China hosts over 36,200 jewelry shops. Medium to high-end jewelry shop represents 86% of the market, which makes a total of 31,132 outlets. With our assumed average franchised fees of US \$6,678 per SHOP per month (US\$222,600 X 3%), our serviceable available market is estimated at US\$2,495 million per year. On a long-term vision of global expansion including the rest of Asia, MENA, Africa, South America, Europe, and North America, we look at a serviceable available market of US\$20.8 billion.

SOM (Serviceable Obtainable Market) With a 10% SAM-penetration in Greater China, we will have a SOM (realistic market portion we can capture in 2-3 years) of 3,113 jewelry shops. With our assumed average franchised fees of US\$6,678 per SHOP per month (US\$222,600 X 3%), **our conservative serviceable obtainable market is estimated at US\$249 million per year.**

Conceptual Operating System



1 Kg gold 1-year hedging cost is \$2,000 , each gram is USD 2.0; We issue an e-guarantee to the retailer for the gold sold (gram) and charge the retailer online for the total value assurance fee (USD 2.0 per gram is the value assurance hedging cost + 10% is the service fee of value assurance).

¹ The value assurance period is 12-month and is renewable. (Available in 1 - 12 months)

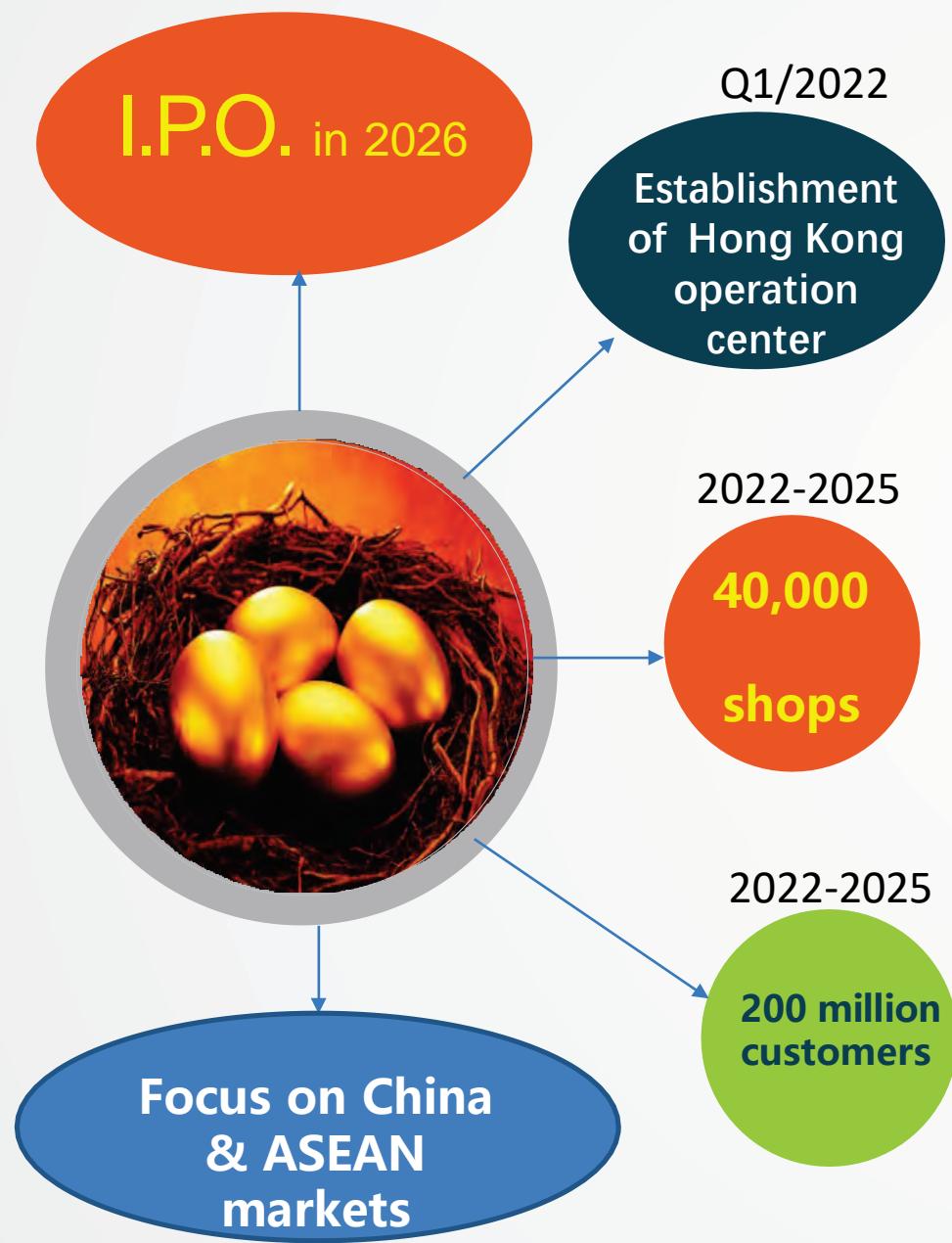
² OVER 6,000 SHOPS IN REST OF ASIA EXPECTED IN FIRST 2 YEARS.

³ Hedging cost per gram ranged from \$1.81 - \$2.41 over the past 15 years.

⁴ This fintech service is developed mainly by using the combination of modern advanced internet technology, algorithm, cloud computing and gold derivative hedging instruments.

Five-year development plan

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Be responsible for the operation and management of shop franchise and customer service in mainland China

Recruit 40000 jewelry stores around the world to use this franchise service

Attract 200 million active online individual gold & jewelry lovers

Interpretation of sales channels

Rendering of service can be subdivided into two main channels*:

① From store to consumer (B2B2C)

② Online via APP in Mobile phone, WeChat mini program and desk top computer (B2C), and all goods are from franchised retail jewelers.

* Partnering with industry giants, Guangzhou Diamond Exchange & Guangdong Gems & Jade Exchange, to be finalised on or before Q2 in 2022.

Valuation

Terminal Value = projected revenue * projected margin * P/E

Terminal Value = earnings * P/E



We projects a \$80.1M revenue in first 12-month upon launching of the VAS (between 2022-2023), with a profit margin of 47%. The industry P/E ratio is 20.

Terminal value = \$80.1M * 47% * 20 = \$753M

Calculating the pre-money valuation

Pre-Money Valuation = Terminal value / ROI x Investment amount

Assume pre-revenue investor wants an ROI of 20 x on his planned investment of \$2M.

Pre-Money Valuation = \$753M / 20 X \$2M = \$18.82M

Fundraising plan

The first round of targeted financing input is about USD2 million. Based on the initial 1-year estimation of earning, the conservative pre-money valuation of our business is about USD18.82 million. The planned financing input will be allocated for the followings:

- 30% for building the fully functional platform and IT infrastructure of this service;
- 40% for hiring professional and human resources expenditure;
- 15% for promoting this service to potential customers in China and ASEAN countries;
- 15% for rental, general office expenses, and legal/accounting fee



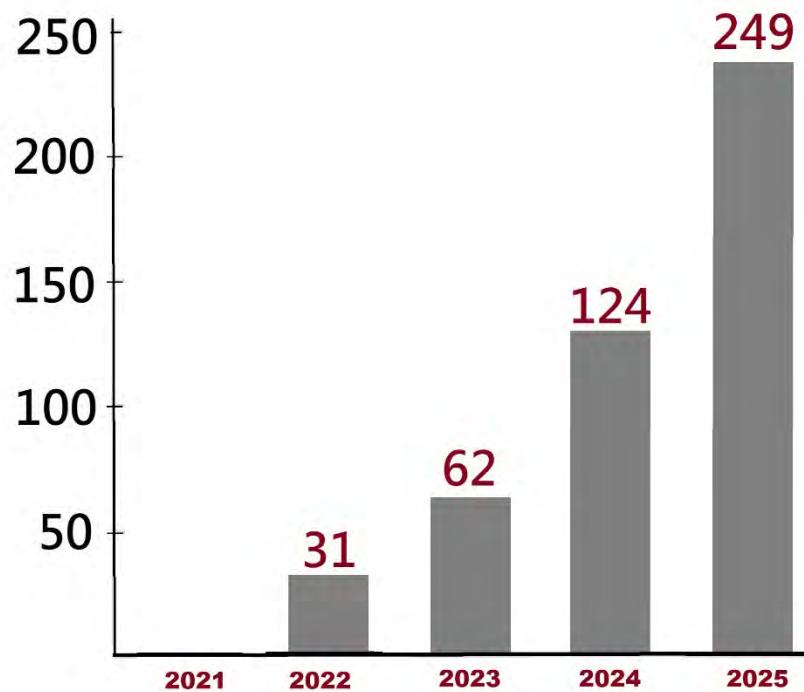
Financial Projections & Key Metrics

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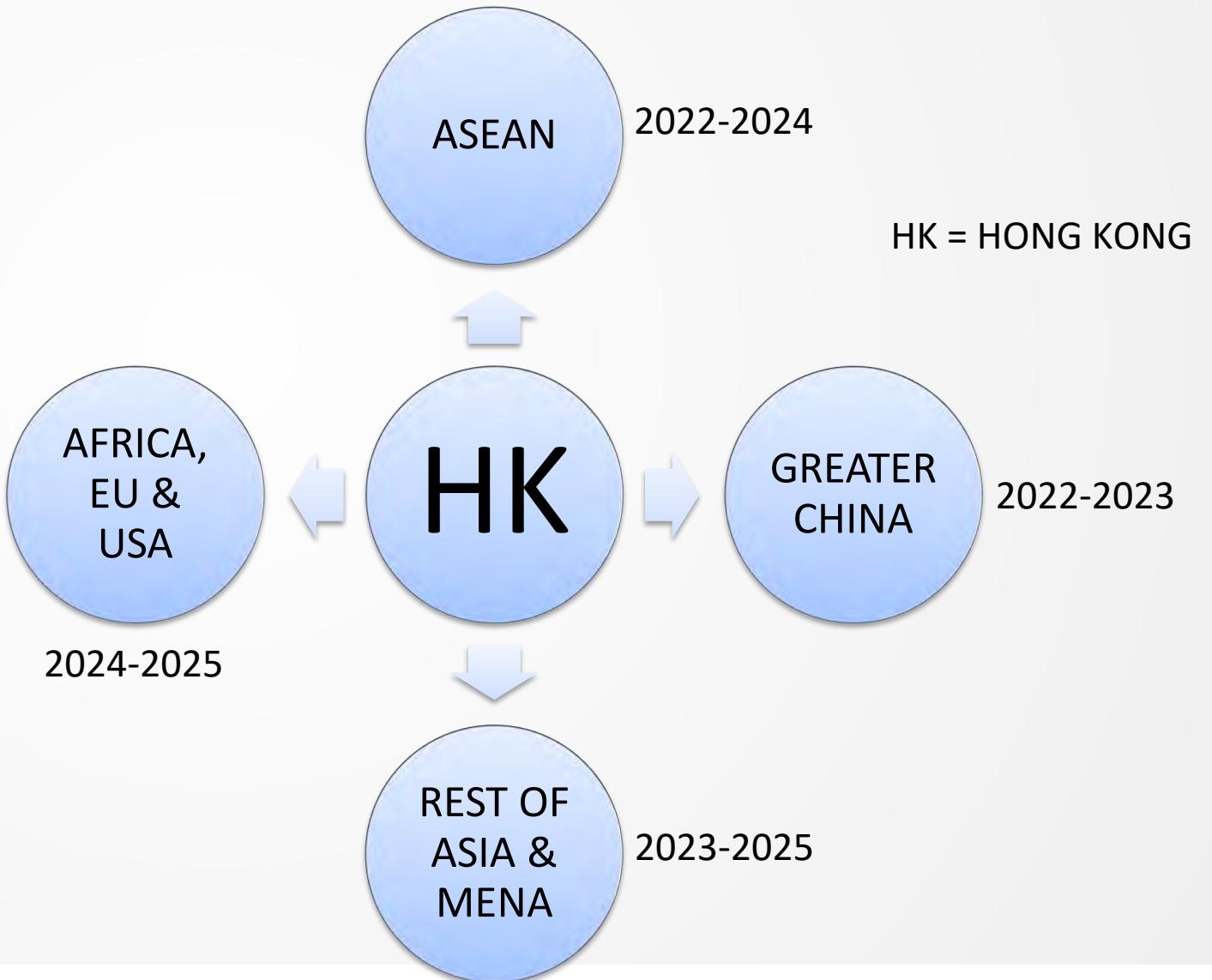
Timelines for Target markets

Revenue Projection (Before Tax)

USD in Million



HK = HONG KONG



Redemption of value assurance in May, 2021@HKJA

Cash cheque presented to customers upon devaluation of gold jewelry



JEWELLERY VALUE ASSURANCE



2021

THANK YOU
谢谢观看

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