



[Press Release]

Successful Trading in Launch of “Shanghai-Hong Kong Gold Connect” Help Boosts RMB internationalization

[July 10, 2015. Hong Kong] The Chinese Gold & Silver Exchange Society (hereinafter referred to as “CGSE”) held a joint ceremony to celebrate the launch of “Shanghai-Hong Kong Gold Connect”, the 105th Anniversary of CGSE and the inauguration of the 44th term of Executive & Supervisory Committees of CGSE on July 10 at Hong Kong Convention & Exhibition Centre, Wanchai. Over 1,000 leading officials and executives from Hong Kong Government, People’s Bank of China, Shanghai Municipal Government, Shanghai Gold Exchange (hereinafter referred to as “SGE”), Bank of China, Industrial & Commercial Bank of China, mainland and overseas governments and financial institutions attended the event. Mr. Tsang Chun-wah, John, GBM, JP, Financial Secretary of HKSAR; Mr. Steven Chan, President of CGSE; Xu Luode, Vice Governor of Bank of China and Ms. Shen Gang, Deputy General Manager of SGE officiated at the launching ceremony of “Shanghai-Hong Kong Gold Connect”. On behalf of 12 CGSE Members, Po Sang Financial Investment Services Company Limited and ICBC (Asia) Bullion Company Limited traded a total of 2 tons gold with Bank of China (Hong Kong) Ltd. and Industrial & Commercial Bank of China in SGE under “Shanghai-Hong Kong Gold Connect” programme by “Bid and Ask” method.

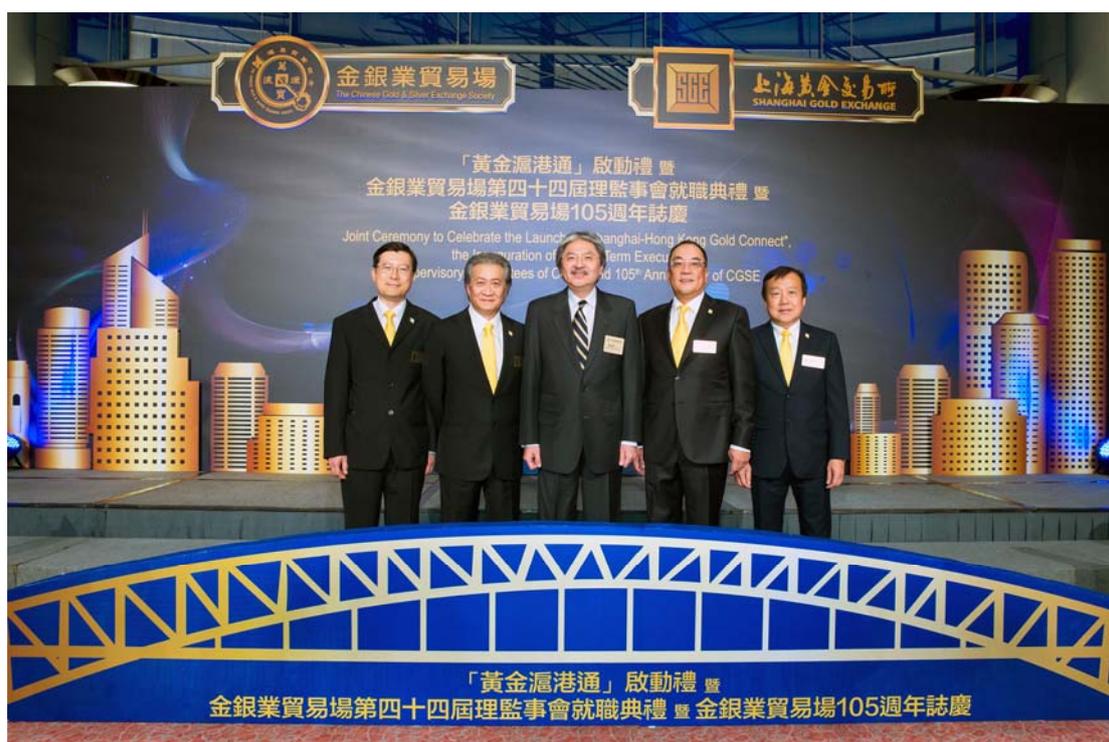
“Shanghai-Hong Kong Gold Connect” was co-developed by CGSE and SGE. On July 1, 2015, SGE issued a certificate to CGSE which has become special international member. Under this certified membership, 171 CGSE Members are allowed to trade gold on the main board and the international board of SGE with CNH (i.e. Offshore RMB) after the grant of approval. CGSE and SGE have spent about 10 months on the preparatory works of “Shanghai-Hong Kong Gold Connect”, which include the deployment of personnel, interconnection of two exchanges’ trading systems and risk control mechanism.

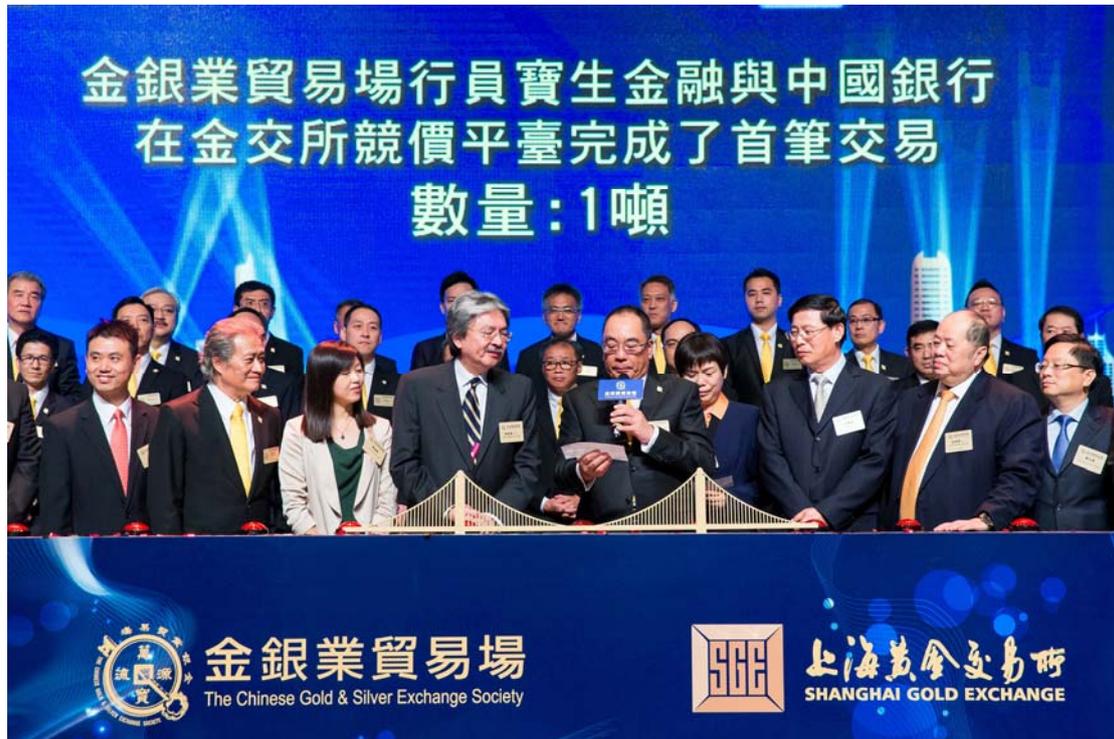
Upon the launch of “Shanghai-Hong Kong Gold Connect”, President Mr. Chan said CGSE Members who registered with SGE may engage in both proprietary and agency trading. Members who conduct agency business may engage in proprietary business or simply act an agent on individual client’s behalf to trade precious metals contracts. He estimated that CGSE Members will trade more than 100 tons of gold per year on SGE.

Gold industry has a rich legacy and widespread socio-economic foundation in Hong Kong. After 105 years of development, CGSE garners the support from large number of prestigious, well-funded enterprises in international markets and precious metals industry, including banks (OCBC Wing Hang Bank, , HSBC, Hang Seng Bank, Bank of China (Hong Kong) and ICBC), gold & silver fabricators (Heraeus, Metalor, Wing Fun Precious Metals Limited, Wong Sha Company Limited) and renowned retail jewellers (Chow Tai Fook, Luk Fook, Chow Sang Sang, King Fook and Emperor Watch & Jewellery, etc.). The broad-based membership epitomizes a large and successful operation system of capital and spot trading in precious metals industry in Hong Kong and South East Asia. In view of such background, the kick-start of “Shanghai-Hong Kong Gold Connect” will create favourable conditions for local gold enterprises to participate in the Mainland gold market at a deeper level, and lay a firm foundation for more intensive collaboration of financial industries between Shanghai and Hong Kong, as well as the free movement and transfer of capital between the two cities. Therefore, connecting gold exchanges of Shanghai and Hong Kong has strategic importance for numerous local gold enterprises seeking further business expansion and funding sources.

“Shanghai-Hong Kong Gold Connect” signifies the increasing interconnection and collaboration between Shanghai and Hong Kong markets, propelling the expansion from stock market to commodity market. This accelerated market development can serve two major functions. On the one hand, it will facilitate the further integration and development of financial industries for both cities. On the other, it will assist the PRC’s implementation of RMB internationalization strategies. Speaking at the launching ceremony, Mr. Chan said “Shanghai-Hong Kong Gold Connect” will help promote the participation of China’s gold industry players in international marketplace, and facilitate the transfer of Hong Kong’s international connections and experiences to the mainland China – the biggest consumer and producer of gold in the world. With the benefit of

“Shanghai-Hong Kong Gold Connect”, trading of international gold products will increase significantly in Asian trading hours, and contribute to a much larger gold trading volume on SGE, which in turn could enhance and consolidate the influence and power of SGE, particularly its gold pricing power in Asian, as well as international markets. When SGE’s RMB-denominated gold pricing subsequently becomes a dominant force in Asian and international markets, it will, Mr. Chan added, greatly enhance the standing of RMB in worldwide forex and financial markets, and thus contribute to the fruitful implementation of RMB internationalization.





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