HKMEx Year One: A Solid Foundation For Future Growth

The Hong Kong Mercantile Exchange (HKMEx) proudly announces the completion of a successful first year as a commodity futures exchange linking China’s fast-growing commodity markets with global hubs across Asia, Europe, and the US.

Solid Volume Growth
“With over 1.6 million US-dollar denominated gold and silver commodity contracts traded alone in its inaugural year, representing turnover of more than US$84 billion, HKMEx successfully establishes the solid foundations of a commodity market in Hong Kong that taps into the huge trading potential of China, the world’s second largest economy and the world’s largest consumer of a range of key commodities,” says Barry Cheung, Chairman of HKMEx.

Riding on its China advantage, trading volumes on the Exchange has experienced steady growth since launch last May, reaching a daily average volume of 9,975 contracts for the month of June 2012. This increased market activity also reflects enhanced distribution and connectivity with our broking and clearing members.

Diverse Membership
HKMEx also added 13 new members since trading launch, including some of most recognisable names in the commodities trading business, bringing total membership to 29 organisations. In June 2012 alone, two new firms joined HKMEx: BOCOM International Securities Limited and China Everbright Forex & Futures (HK) Limited as broking members.

Enhanced Market Data Access
Further expanding its reach into mainland China, HKMEx also recently signed on China’s Webstock as a market data vendor, providing access to live Exchange market data on a platform used by 90% of the futures industry in China. Another landmark is the signing of an MOU with Jiangxi Copper, the largest copper producer in China, to jointly promote base metals trading. Together, these achievements represent a major step in the establishment of Asian benchmark pricing in commodities trading.

Innovative Products
The Exchange also successfully completed physical deliveries of both its US-dollar denominated gold and silver contracts. HKMEx’s US-dollar gold futures contract was ranked fourth in volume for metals contracts launched outside the US in FOW Intelligence’s Derivative Contracts Performance Review 2011.

Extensive Market Education
In pioneering the development of a Hong Kong-based regional commodities market, HKMEx devoted considerable effort to education initiatives aimed at increasing awareness of commodities trading. This includes two cornerstone investment seminars held in conjunction with Exchange shareholder and member ICBC in Beijing and Shanghai, as well as numerous joint events held with Exchange members across China and in Hong Kong.

We also engaged the greater financial community, participating actively in ongoing industry conferences. Representatives from HKMEx took part in the 9th Annual China Derivatives Summit, the 6th China Derivatives Analyst (Continues on Next Page)

HKMEx officially began trading on May 18, 2011.

One Year On...

- **29 broking and clearing members**
- **Over 1.6 million contracts traded**
- **Turnover in excess of US$84 billion**

HKMEx in Numbers | June 2012

<table>
<thead>
<tr>
<th>9,975</th>
<th>Contracts</th>
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<tr>
<td>US$10.2 Billion</td>
<td>Average Daily Volume</td>
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<tr>
<td>Turnover in June</td>
<td>For More Information</td>
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The Way Forward
As HKMEx steps into its next stage of development, it will continue to attract well-recognised and respected global and regional brokerages and financial institutions to further enhance market liquidity, as well as launch a range of innovative commodity futures products, designed to satisfy the needs of regional and international market participants. These include renminbi-denominated gold and copper contracts, as well as in other precious and base metals, energy, agriculture, and commodity indices.

New Members Since March 2012

Clearing
- G. H. Financials Limited
- Interactive Brokers (UK) Limited
- Jefferies Bache Limited
- Morgan Stanley & Co International Plc
- Newedge UK Financial Limited

Broking
- BOCOM International Securities Limited
- BOCI Securities Limited
- Bright Smart Futures & Commodities Co., Limited
- Celestial Commodities Limited
- CES Capital International (Hong Kong) Co., Limited
- Chief Commodities Limited
- China Everbright Forex & Futures (HK) Ltd
- China Xin Yongan Futures Company Limited
- China Xin Yongan Futures Company Limited
- GF Futures (Hong Kong) Co., Limited
- Green Futures (Hong Kong) Limited
- Guotai Junan Futures (Hong Kong) Limited
- Haitong International Futures Limited
- ICBC International Futures Limited
- Interactive Brokers LLC
- Jindri Futures (Hong Kong) Limited
- KGI Futures (Hong Kong) Limited
- Morgan Stanley Hong Kong Securities Limited
- Nanhua Futures (Hong Kong) Co., Limited
- Newedge Financial Hong Kong Limited
- OSK Futures Hong Kong Limited
- Philip Commodities (HK) Limited
- Tanrich Futures Limited
- TG Securities Limited
- Wing Fung Futures Limited

New Members Since March 2012 (Continued from previous page)
Forum in Hangzhou, as well as the Asia-Pacific Futures Research Symposium in Shanghai.

New additions
Clearing Members
- Jefferies Bache Limited

Broking Members
- BOCOM International Securities Limited
- China Everbright Forex & Futures (HK) Limited
- China Xin Yongan Futures Company Limited

Exchange Members

Clearing
- G. H. Financials Limited
- Interactive Brokers (UK) Limited
- Jefferies Bache Limited
- Morgan Stanley & Co International Plc
- Newedge UK Financial Limited

Broking
- BOCOM International Securities Limited
- BOCI Securities Limited
- Bright Smart Futures & Commodities Co., Limited
- Celestial Commodities Limited
- CES Capital International (Hong Kong) Co., Limited
- Chief Commodities Limited
- China Everbright Forex & Futures (HK) Ltd
- China Xin Yongan Futures Company Limited
- China Xin Yongan Futures Company Limited
- GF Futures (Hong Kong) Co., Limited
- Green Futures (Hong Kong) Limited
- Guotai Junan Futures (Hong Kong) Limited
- Haitong International Futures Limited
- ICBC International Futures Limited
- Interactive Brokers LLC
- Jindri Futures (Hong Kong) Limited
- KGI Futures (Hong Kong) Limited
- Morgan Stanley Hong Kong Securities Limited
- Nanhua Futures (Hong Kong) Co., Limited
- Newedge Financial Hong Kong Limited
- OSK Futures Hong Kong Limited
- Philip Commodities (HK) Limited
- Tanrich Futures Limited
- TG Securities Limited
- Wing Fung Futures Limited

HKMEx continues to expand its membership, further enhancing market liquidity.
HKMEx Signs MOU with Jiangxi Copper

To jointly promote base metals trading and develop benchmark pricing

HKMEx has signed a memorandum of understanding (MOU) with Jiangxi Copper Corporation (Jiangxi Copper), the largest copper producer in China, to jointly promote base metals trading and help establish benchmark pricing in Asia.

“HKMEx is strategically located to help develop China as the centre of world copper trading, as well as to establish benchmark pricing of the industrial metal that will truly reflect the supply and demand conditions in Asia. We believe the MOU signed today with HKMEx will help Jiangxi Copper raise its competitive edge as we continue to further expand into the global marketplace,” said Jiangxi Copper President Li Yihuang.

HKMEx Chairman Barry Cheung said, “HKMEx is honored to have Jiangxi Copper as its first Industry Associate. We are excited to have the support and participation of China’s largest copper producer as a partner in jointly developing metal futures trading in mainland China and beyond.”

“Partnering with a leading mainland commodity producer like Jiangxi Copper adds a new, important dimension to HKMEx’s strategic development. This MOU enables the two parties to leverage on each other’s competitive strengths, further deepening market liquidity in Greater China and facilitating benchmark pricing in Asia,” said Wang Lili, Senior Executive Vice President of ICBC - a core shareholder of HKMEx.

China’s Copper Market

Market Share of World Refined Copper Imports, 2011

- China is the world’s largest consumer of refined copper, accounting for 35% of global imports in 2011
- 15% CAGR consumption growth since 1995, reaching 7.9 million tonnes in 2011
- Domestic production of refined copper only equivalent to 66% of consumption, at 5.2 million tonnes
- China relies heavily on imported copper and is the largest single copper importing country.

Exchange Market Data Debuts on China’s Webstock

HKMEx’s real time market data is now available on Wenhua Information Systems Limited (Webstock) – a platform used by more than one million investors from over 90 percent of all futures trading companies in China.

Webstock is the largest futures information systems provider in China. Established in 1996, Webstock provides futures investors with comprehensive trading systems solutions, including desktop and mobile market information and trading software, to meet individual business needs. The platform is linked to over 150 futures companies in China, representing 90 percent of the local futures trading industry.

Webstock users will now be able to view real time market information for all contracts traded on HKMEx, including its successful US dollar gold and silver futures contracts as well as upcoming products denominated in renminbi. Information includes: Best bid/ask price, daily high/low price, last trade price and volume, and cumulative volume, and settlement price and open interest.

HKMEx Chairman Barry Cheung said: “Webstock covers China’s futures trading community extensively. Adding our internationally-traded products on their network will greatly expand our reach in mainland China and deepen market understanding of our product offerings.” This constitutes yet another step in the ongoing integration of China’s fast-growing commodity markets with the rest of the world.”
Recent Events

From left: Managing Director for Greater China Jane Wang spoke at an investment seminar jointly held with Exchange member Yongan Futures in Hangzhou; Diners, including Chairman Barry Cheung (2nd from left) and Jiangxi Copper President Li Yihuang (3rd from left) toast at a June banquet held to celebrate the signing of MOU to promote base metals trading; Director of Product Development Mark Holder participates at a panel discussion at the 22nd Asia-Pacific Futures Research Symposium (APFRS) held in Shanghai in April.

From left: Jane Wang participated in a panel discussion on how exchanges can raise service levels at the 6th China Derivatives Analyst Forum in Hangzhou; President Albert Helmig speaks before an audience at a Hong Kong University of Science and Technology (HKUST) seminar; Deputy Chairman and ICBC Executive Director Wang Lili speaks at a joint ICBC-HKMEx investment seminar held in Shanghai in March.

Exchange Statistics

Total Daily Trading Volume

HKMEx USD Dollar Gold Futures

HKMEx USD Dollar Silver Futures

HKMEx USD Gold & Silver Price Trends (US$/Troy Ounce)