



HKMEX

The Hong Kong Mercantile Exchange

EXCHANGE NEWS

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



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**

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

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HKMEX in Numbers | June 2012

9,975 Contracts

Average Daily Volume

US\$10.2 Billion

Turnover in June

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Forum in Hangzhou, as well as the Asia-Pacific Futures Research Symposium in Shanghai.

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. ■

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
- 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
- Jinrui 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

BOCOM International Securities Limited is part of China's Bank of Communications, one of five leading commercial banks in China with over 2,800 branches in 80 major cities. BOCOM International Securities specializes in futures contracts and equities trading, as well as in margin financing. **China Everbright Forex & Futures (HK) Ltd's** parent, Everbright Securities Co., Ltd, is a core business of China Everbright Group and a market leader in the mainland securities business in terms of scale and coverage.

China Xin Yongan Futures Company Limited is a joint venture between Hong Kong's Sun Hung Kai Financial and Zhejiang's Yongan Futures – one of China's top three futures brokerages. The three firms join as broking members, allowing them to trade for their own account and on behalf of their clients.

Meanwhile, **Jefferies Bache Limited** joined as a clearing member, enabling it to clear and settle transactions conducted by HKMEX's broking members. With over 130 years of experience in commodities markets, Jefferies Bache is an industry leader specializing in exchange-traded futures and options, commodities and over-the-counter products including precious and

base metals and foreign exchange. Jefferies Bache offers 24-hour global coverage with offices in New York, London, Hong Kong, Hamburg, Chicago and Kansas City. ■

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



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.”

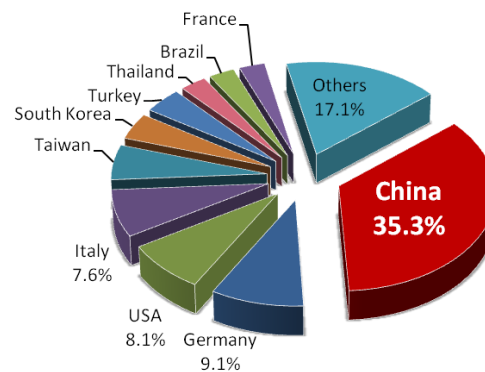
“Partnering with a leading mainland commodity producer like Jiangxi Copper adds a new, important dimension to HKMEX’s strategic development. This MOU enables the two parties to leverage on each other’s competitive strengths, further deepening market liquidity in Greater China and facilitating benchmark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



HKMEX Chairman Barry Cheung (front row left) signs a memorandum of understanding with Li Yihuang (front row right), President of Jiangxi Copper corporation, at a ceremony held on June 10.

China’s Copper Market

Market Share of World Refined Copper Imports, 2011



Source: WBMS World Total: 8.04 Million tonnes

- 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



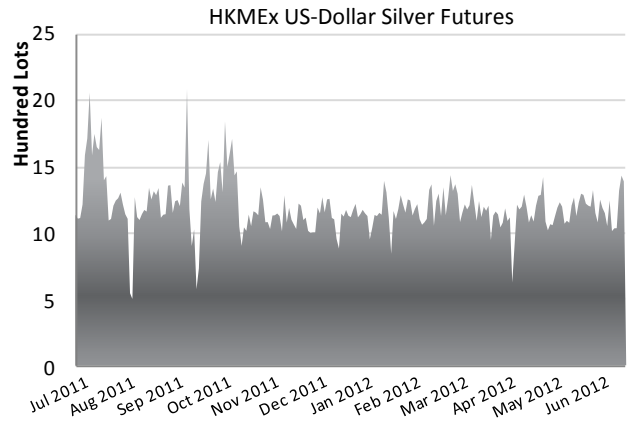
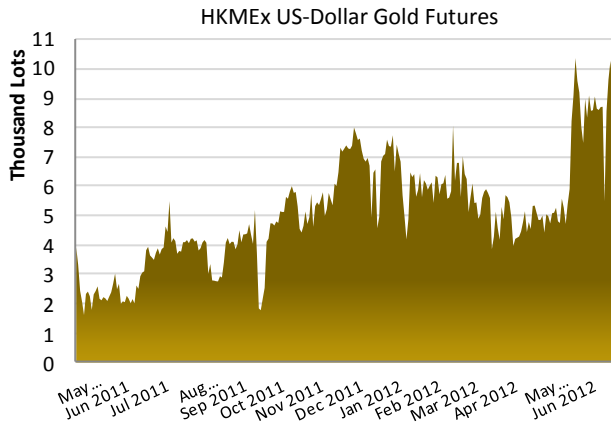
From left: Managing Director for Greater China Jane Wang spoke at an investment seminar jointly held with Exchange member Yongnan Futures in Hangzhou; Diners, including Chairman Barry Cheung (2nd from left) and Jiangxi Copper President Li Yihuang (3rd from left) toast at a June banquet held to celebrate 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.



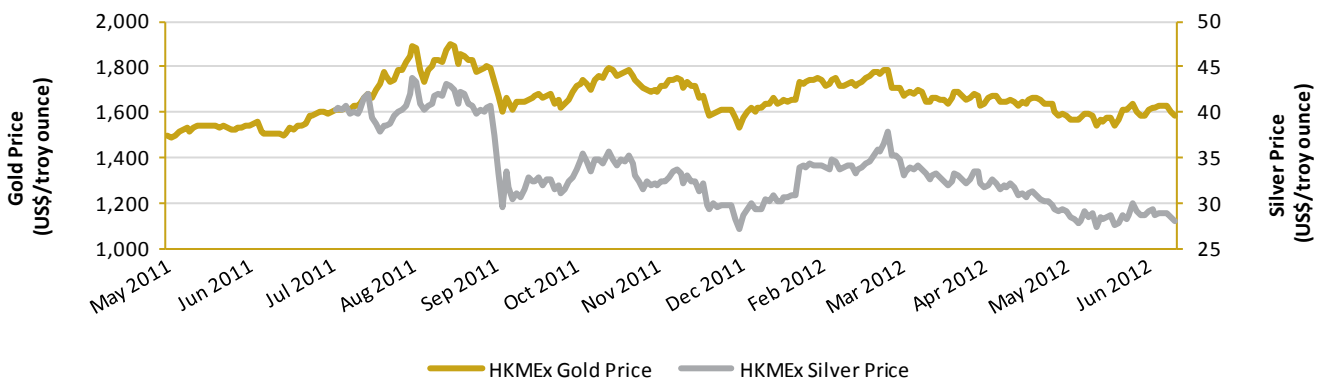
From left: Jane Wang participated in a panel discussion on how exchanges can raise service levels at the 6th China Derivatives Analyst Forum in Hangzhou; President Albert Helmig speaks before an audience at a Hong Kong University of Science and Technology (HKUST) seminar; Deputy Chairman and ICBC Executive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

Exchange Statistics

Total Daily Trading Volume



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



Please note the following: HKMEx is authorized by the Securities & Futures Commission to operate as an Automated Trading Service Provider. HKMEx trades are cleared and settled through HKMEx appointed clearing house LCH.Clearnet in London. Trading activity on HKMEx trading platform is not covered by the Investor Compensation Fund. Disclaimer: This document is provided solely for reference purposes. The information and data contained in this document are for reference only and are presented without any representation as to their suitability for use for any purpose, their completeness or accuracy, and is subject to change without notice. The information and data provided are provided on an "as is" basis and were obtained from sources believed to be reliable, but we do not guarantee their accuracy or completeness, and shall not be held liable for any omission, error or inaccuracy. Neither the information nor any opinion expressed constitutes a solicitation of the purchase or sale of any futures, options or commodities. They are not a substitute for legal, investment or other professional advice. The information and data are provided strictly on the basis that errors or omissions will not form the basis for any claim, demand or cause for action. Accordingly, you should neither rely, act, nor refrain from acting on any of the information and/or data contained in this document and if you choose to do so it will be entirely at your own risk. Information, data, graphics, logo and all other material is from this document may not be copied, distributed or transmitted in any way except as permitted by Hong Kong S.A.R. law without the prior written consent of Hong Kong Mercantile Exchange Limited. In case of discrepancies between the English and Chinese versions, the English version shall prevail.