

## PRESS RELEASE 新聞稿

PR-969

### **HKIA Precious Metals Depository Opens to Boost Bullion Trade Will Provide Storage for HKMEX Gold Futures Contracts**

(HONG KONG, 2 September 2009) — The Hon John Tsang Chun-wah, JP, Financial Secretary of the HKSAR, officiated at the opening of the Precious Metals Depository at Hong Kong International Airport (HKIA) today. A signing ceremony was also held to mark the appointment of the HKIA Precious Metals Depository by the Hong Kong Mercantile Exchange (HKMEX) as a gold storage and physical settlement venue for its members and market participants.

The 340-square-metre depository will enhance Hong Kong's position as a trading and logistics hub for precious metals by providing secure storage and physical settlement services to central banks, commodity exchanges, bullion banks, precious metal refineries and issuers of exchange traded funds (ETF).

Stanley Hui Hon-chung, Chief Executive Officer of Airport Authority Hong Kong, and Albert Helmig, President of Hong Kong Mercantile Exchange, signed the appointment agreement. Joining the HKSAR Financial Secretary in witnessing the signing were Dr the Hon Marvin Cheung Kin-tung, JP, Chairman of Airport Authority Hong Kong, and Barry Cheung, JP, Chairman of Hong Kong Mercantile Exchange. According to the agreement, all HKMEX clearing members are required to keep gold bar stock at the depository.

Hong Kong is one of the world's oldest gold trading centres and an important storage and distribution hub for international bullion banks. Establishment of the Precious Metals Depository at the HKIA further reinforces this status. The depository will serve as a custodian of gold and other precious metals for ETF issuers for the safekeeping of the commodities underlying the notes issued. HKMEX and other commodity exchanges can make use of the facility to provide centralised storage and physical settlement services to their members, minimising transportation costs and reducing settlement risks for precious metals including gold, silver, platinum and palladium.

The Precious Metals Depository will also provide a safe and secure storage facility for local and overseas government institutions. The Hong Kong Monetary Authority is planning to transfer its physical gold reserves stored at other vaults to the Precious Metals Depository later this year.

## PRESS RELEASE 新聞稿

PR-969

Other officiating guests for today's ceremony included Yau Shing-mu, JP, Under Secretary for Transport and Housing of the HKSAR, and Cheng Yan-chee, JP, Acting Permanent Secretary for Financial Services and the Treasury (Financial Services).

The Hon John Tsang said today's opening of the Precious Metals Depository further strengthens Hong Kong's financial infrastructure. He added, "The depository will help to tap into opportunities from the growing demand for gold and other commodities in the region. The agreement signed today will authorise the depository to conduct storage and physical settlement activities for the Hong Kong Mercantile Exchange. It also paves the way for the launch of new financial products. All this ties in with Government's policy to enhance Hong Kong's position as an international financial and logistics centre."

Asia's market for precious metals is growing rapidly. In recent years, the Chinese mainland and India have together accounted for nearly half of world gold demand. Growth in investment and industrial purchases of other precious metals in East Asia has also outstripped the rest of the world. Hong Kong accordingly holds a distinct geographical advantage to provide a centralised storage and delivery venue for precious metals within the region.

Dr the Hon Marvin Cheung Kin-tung said HKIA can reinforce Hong Kong's status as a logistics and financial services centre, adding, "Being an international and regional aviation centre where the flows of goods and capital converge, HKIA provides an ideal location for the depository. Its proximity to the Chinese mainland, which started liberalising its gold market in recent years, gives the airport another edge to build on its strength as a gateway to the Chinese mainland and as a logistics hub for high-value cargo."

The Precious Metals Depository and HKMEX signed a service agreement under which the depository will provide storage and physical settlement services for the gold bars traded under the HKMEX gold futures contracts — a new product of HKMEX that is expected to be launched in the coming months. Gold bars will be physically transferred among contracted parties to settle futures contracts traded on the Exchange.

"I am very pleased to be able to announce the collaboration between the HKIA Precious Metals Depository and the Hong Kong Mercantile Exchange," said Barry Cheung, Chairman of HKMEX. "The support of the Hong Kong Government and the Airport Authority is invaluable as we build an international exchange to cater to local and international demand for commodities futures contracts. Together, we shall bring greater

## PRESS RELEASE 新聞稿

PR-969

liquidity and global participation to the city, and continue to foster Hong Kong as Asia's financial hub.”

The Depository is operated by HKIA Precious Metals Depository Limited, a subsidiary wholly owned by the Airport Authority.

-Ends-

### **About Hong Kong International Airport (HKIA)**

Since its opening in 1998, HKIA has remained committed to providing passengers with world-class facilities and quality services. This dedication has earned HKIA the world's best airport title — more than 25 times by 10 entities. HKIA is also one of the world's busiest airports, ranking as the fourth-busiest international passenger airport in 2008 and the world's busiest international cargo facility for 13 consecutive years. It currently operates some 750 daily flights to and from approximately 150 destinations worldwide, including about 40 Chinese mainland cities. Passenger and cargo throughput at the airport reached 48.6 million and 3.6 million tonnes, respectively, in 2008.

### **About Hong Kong Mercantile Exchange (HKMEX)**

As a bridge between Chinese mainland and international commodities markets, the Hong Kong Mercantile Exchange aims to provide the premier price discovery platform for commodities to traders, intermediaries and end-users in the Asian time zone. HKMEX will deliver standardised exchange-traded products on a transparent USD pricing platform offering multi-currency clearing and settlement, thereby ensuring the full advantages of dollar clearing and settlement while allowing currency hedging flexibility to market participants. The Exchange is well-positioned to provide counterparty risk mitigation with all transactions cleared through LCH.Clearnet, the leading independent central counterparty group. Trades will be conducted on HKMEX's Pearl and Pearl Pro trading platforms, based on Cinnober's TRADExpress Trading System. In terms of regulatory compliance and oversight, HKMEX is seeking a license from the Securities and Futures Commission (“SFC”) to administer trading and clearing rules.

## PRESS RELEASE 新聞稿

PR-969

**To download photos from the event, please go to:**

[http://www.hongkongairport.com/pr\\_download/pr\\_969.zip](http://www.hongkongairport.com/pr_download/pr_969.zip)

**For media enquiries, contact:**

Hong Kong International Airport:

HKIA Media Enquiry Hotline: (852) 2188 7152

Contact Email: [media@hkairport.com](mailto:media@hkairport.com)

Airport Authority Website: <http://www.hongkongairport.com>

Hong Kong Mercantile Exchange:

Kenzie Leung: (852) 3420 9038  
[kenzie.leung@hkmerc.com](mailto:kenzie.leung@hkmerc.com)

John Ryan: (852) 3420 6090  
[john.ryan@hkmerc.com](mailto:john.ryan@hkmerc.com)

HKMEX Website: [www.hkmerc.com](http://www.hkmerc.com)