



金 銀 業 貿 易 場
The Chinese Gold & Silver Exchange Society



[Press Release]

James Lau, Under Secretary for Financial Services and the Treasury Inaugurates the First Opening Ceremony of Asia’s Gold Market in the Year of Rooster

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[February 1, 2017, Hong Kong] The Chinese Gold & Silver Exchange Society (“CGSE”) opens trading on February 1, 2017. According to the CGSE tradition, the first trading day after Chinese New Year will be an auction trading by CGSE President Dr. Haywood Cheung and Vice President Mr. Wilson Cheng, and witnessed (i.e. rang the bell) by Under Secretary for Financial Services and the Treasury Mr. James Lau. President Dr. Cheung and Vice President Mr. Cheng traded at 266 yuan per gram for RMB Kilobar Gold and HK\$ 11,188 per tael for 99 Gold. The market continues to be active after the opening.

At the CGSE’s invitation, Mr. Lau presented “10 Most Active Loco London Gold/Silver Dealer Award 2015/16” to ten outstanding dealers in recognition of their contribution to precious metals industry in the past year. CGSE has presented this award for the fourth time and it is the second time the award is presented in CNY. This distinguishing award is aimed at commending CGSE Members for their efforts and achievements made for the precious metals industry, in particular the promotion of “transaction code” which helped popular investors to understand CGSE’s fair, open and transparent trading regime and its protections.

Today, CGSE issued the license of “CGSE-accredited Gold Refinery” to three CGSE Members for the years 2015-2017, including First Asia Merchants Bullion Limited (2015), Kaiser Precious Metals Limited (2016) and Acetop Precious Metals Limited (2017). Mr. Lau presented the certificate of “CGSE-accredited Gold Refinery” to the three newly accredited gold refiners. They also displayed their gold bars which meet the fineness and weight requirement of approved settlement gold bar. The total value of these gold bars are over HK\$ 35 million.

Commenting on the traditional ceremony of making the first trade in CNY, Dr. Cheung said the first trade done in open out-cry is valued by precious metals practitioners in Hong Kong as well as Asian markets. Besides Chicago Board of

Trade, CGSE is the only metals exchange in the world which still trade physical gold and silver contracts in open out-cry mode. CGSE has practiced open out-cry trading for well over 100 years. He said CSGE should and will continue to practice this fine tradition of making the first trade in CNY.

Gold dealers who intend to obtain the license of “CGSE-accredited Gold Refiner” must be subject to a highly stringent vetting process. Now, there are no more than 32 license holders under the accreditation system. The gold bars fabricated and refined under this license must satisfy the requirements of CGSE constitutions in regard to weight, fineness, length, width and breadth. Moreover, these gold bars can bear the “Gold Delivery” assay mark only after they are tested and certified by the Hong Kong Precious Metals Assay Centre. Each of these accredited gold bars carries a unique code and they are acceptable by 171 CGSE Members (including jewellery merchants and banks) as approved settlement gold bar. Physical gold played a key “arbitrage” function in 1980s and 1990s, and transaction volume reached peaks during these two decades. In recent years, gold markets in Asia has experienced tremendous growth and become increasingly active as compared with the western countries. This change in trend encourages some newly registered CGSE Members to apply for gold refinery license to engage in refining business. With the impending launch of Qianhai programme, gold refineries will have an important role in play in the gold industry chain in the near future.

Speaking at the ceremonies today, Mr. Lau noted that 2016 was full of challenges and the roll-out of Brexit process, presidency of Donald Trump, the US’s rate hike and new trade policies as well as upcoming election in many European countries would bring about new challenges in the Year of Rooster. Recalling his participation in a financial technology conference in Germany some while ago, Mr. Lau said the participants have had active discussion on the application of the technology to financial industry to fuel economic growth. He highlighted the need of CGSE to develop and apply financial technology in its operation, and wished continued success and prosperity for CGSE.

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Attachment:

Trading prices on CNY first trading day from 2012 to 2017

Awardee list of “10 Most Active Loco London Gold/Silver Dealer Award 2015/16”

List of CGSE-accredited Gold Refinery 2015-17



Mr. James Lau, Under Secretary for Financial Services and the Treasury (sixth from right); Dr. Haywood Cheung, CGSE President (middle); Mr. Wilson Cheng (fifth from right), CGSE Vice President; Mr. Tse Moon Chuen (sixth from left), CGSE Vice President; Mr. Lo Kun Lo (fourth from right), Chairman of Supervisory Committee, as well as members of the Executive and Supervisory Committees offer new year greetings in the Year of Rooster.



Mr. James Lau, Under Secretary for Financial Services and the Treasury makes CNY wishes.



In the presence of Mr. Lau, Dr. Cheung (second from right) and Mr. Cheng (left) strike the first deal at 266 yuan/gram for RMB Kilobar Gold via electronic trading method. Dr. Cheung and Mr. Tse (right) strikes the first deal at HK\$ 11,188/tael for 99 Gold by way of traditional open-out-cry method.



Mr. Lau presents “10 Most Active Loco London Gold/Silver Dealer Award” to the ten awarding dealers.



Mr. Lau presents the certificate of “CGSE-accredited Gold Refinery 2015-17” to representatives of three gold refiners.



Branded gold bars refined by three newly accredited gold refineries are put on display. The total value of these gold bars are over HK\$ 35 million.

Awardee list of “10 Most Active Loco London Gold/Silver Dealer Award 2015/16”:

(CGSE:023) Marigold International Bullion Dealers Limited
(CGSE:025) Prestige Gold Trader Limited
(CGSE:074) Goldenway Precious Metals Limited
(CGSE:084) Up Way China Bullion Limited
(CGSE:096) Hong Kong Guo Tai Bullion Limited
(CGSE:114) First Asia Merchants Bullion Limited
(CGSE:145) Acetop Precious Metals Limited
(CGSE:159) Safe Gold Bullion Limited
(CGSE:163) Hantec Bullion Limited
(CGSE:210) HXPM Limited
(Listed in order of the CGSE Member Registration No.)

List of “CGSE-accredited Gold Refinery 2015-17” :

(CGSE:004) Kaiser Precious Metals Limited
(CGSE:114) First Asia Merchants Bullion Limited
(CGSE:145) Acetop Precious Metals Limited
(Listed in order of the CGSE Member Registration No.)

About CGSE

Founded in 1910, the Chinese Gold and Silver Exchange Society (“CGSE”) has 107 years of history. Run on a membership-based system, CGSE now has 171 Members and is managed by the Executive and Supervisory Committees, which comprise 21 Directors and Supervisors. The CGSE is the sole exchange in Hong Kong which trades spot gold. CGSE trades 99 Tael Gold and Kilobar through an open outcry system; and Loco London Gold / Silver Contract through “Electronic Trading Platform”. “Transaction Code” is also provided to parties in the transactions. In 2011, CGSE launched the world’s first offshore Renminbi-denominated gold product - “Renminb Kilobar Gold” and established Hong Kong Precious Metals Assay Centre to provide independent and professional gold assay service. In addition, CGSE launched 9999 5-tael gold bar and 9999 kilo silver bar in 2013. In order to tie in with the implementation of “Practitioners’ Registration System”, CGSE has conducted course on “Certificate in Gold and Silver Markets” in collaboration with the Hong Kong Securities Institute to enhance practitioners’ professional knowledge about precious metals markets and their integrity. In 2015, CGSE jointly launched “Shanghai-Hong Kong Gold Connect” with Shanghai Gold Exchange. In December 2016, CGSE signed a memorandum of understanding with Dubai Gold & Commodities Exchange (“DGCX”) in a bid to promote the development of gold exchanges in these two markets.

About open out-cry

Dressed in red jacket, floor traders, acting as trading agents for Member firms, call out bid and ask prices in Cantonese in the trading hall and their calls are supplemented with hand signals. When a deal is done, the seller must complete a trading note and hand it to the buyer for confirmation. For delivery of physical gold, CGSE runs an onboard registration mechanism under which the trading parties can negotiate premium to defer the contract delivery, thereby performing the function of futures market. This delivery mechanism has been in place for many years and is still effective today.

CGSE

Trading prices on CNY first trading day from 2012 to 2017

99 Gold (Tael/HKD) :

1st trading day in CNY	Zodiac sign	Close price before market close	CNY open price	CNY close price	Up/Down in CNY close price
01-02-2017	Rooster	11,092	11,188	11,192	+100
11-02-2016	Monkey	10,618	11,118	11,248	+630
23-02-2015	Goat	11,333	11,128	11,118	-215
04-02-2014	Horse	11,588	11,668	11,690	+102
14-02-2013	Snake	15,560	15,238	15,290	+52
26-01-2012	Dragon	15,488	15,828	15,830	+342

RMB Kilobar Gold (Gram/Renminbi) :

1st trading day in CNY	Zodiac sign	Close price before market close	CNY open price	CNY close price	Up/Down in CNY close price
01-02-2017	Rooster	264.27	266.00	266.86	+2.59
11-02-2016	Monkey	246.24	252.95	261.94	+15.7
23-02-2015	Goat	242.03	242.1	241.88	-0.15
04-02-2014	Horse	240.99	243.83	243.07	+2.08
14-02-2013	Snake	335.57	328.18	328.09	-0.09
26-01-2012	Dragon	338.3	348.0	349.14	+10.84

[Note] : Up/down in CNY close price: CNY close price – Close price before previous market close.

Source : CGSE

http://www.cgse.com.hk/cn/price_01.php

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