

News Release

UOB (China) is the first Southeast Asia-headquartered bank to become Shanghai Futures Exchange member

***Launches bullion trading solutions to help clients manage their risk exposures and seize
market opportunities***

Shanghai, China, 29 May 2019 – UOB (China) has become the first Southeast Asia-headquartered bank to be a member of the Shanghai Futures Exchange (SHFE), the world's second largest gold exchange¹. The Bank completed its first gold futures deal on the SHFE on 20 May 2019.

Through UOB (China), companies and investors can trade with SHFE's 200 institutional members and access its regulated clearing and settlement system and storage facilities across China. The SHFE has facilitated 171,000 tonnes trading volume since it launched gold futures contracts in 2008². The exchange last issued a foreign bank membership eight years ago.

UOB (China) has also broadened its suite of bullion trading solutions to help its clients manage their risk exposures and seize market opportunities. With China's gold industry expected to continue growing, UOB (China) is anticipating increasing demand for more solutions from companies in the gold business that want to hedge their commodity risks. China was the world's largest gold producer for 12 consecutive years and largest consumption market for six consecutive years, with 401.1 tonnes produced and 1151.4 tonnes consumed in 2018³.

¹ Source: World Federation of Exchanges

² Source: Speech by Jiang Yan, Chairman of SHFE, at the 2019 Gold Investment Summit (China) on 15 April 2019, http://www.financialnews.com.cn/sc/gh/201904/t20190415_158229.html

³ Source: China Gold Association, 31 January 2019

The Bank's new bullion trading solutions include non-deliverable forwards (NDF) and options based on the Shanghai Gold Fix's⁴ established and transparent renminbi-denominated price setting, which reflects accurately the supply and demand of gold in China. These solutions can help companies in the gold business reduce their risk exposure to foreign exchange and interest rates more effectively, compared with solutions that settle on international gold prices in foreign currencies. As such, the Bank expects the new NDF and options to be accepted more readily by its clients. For clients who prefer the delivery of physical bullion assets, UOB (China) also offers such gold forwards and options based on the Shanghai Gold Fix.

Mr Mark Yang, Head of Global Markets, UOB (China), said, "UOB (China) offers one of the most comprehensive suites of trading solutions among the foreign banks in China, providing clients with access to major exchanges in the country and to the London Metal Exchange's inter-office market. We have been expanding our suite of bullion trading offerings to help our clients along the gold industry value chain manage the volatility in price and to support their business activities. We will continue to develop and to customise innovative bullion solutions for our clients to help them meet their risk management and investment needs. In doing so, we also hope to contribute to greater liquidity in China's precious metals future contracts."

Drawing on its floor trading capabilities and UOB Group's extensive network in Southeast Asia, UOB (China) also provides companies with insights into the internationalisation of China's bullion markets. The Bank holds regular events for gold importers, refineries and jewellers to exchange views on topics such as gold production, consumption and tax in China and ASEAN, as well as cross-border collaboration opportunities under the Belt and Road Initiative (BRI).

⁴ Shanghai Gold Fix, which is also known as Shanghai Gold Benchmark Price, refers to the pricing agreement launched by the Shanghai Gold Exchange (SGE) in April 2016. It enables RMB-denominated gold ingots that are delivered in Shanghai, weigh 1,000 grammes and feature a gold purity of 99.99 per cent or above to be priced and traded on the SGE.

“As part of the BRI, China is continuing to internationalise its commodity futures market to allow for participation by foreign investors and to enhance its links to global and regional markets. UOB (China) remains focused on helping our clients seize the market opportunities arising from the enhanced connectivity between China and ASEAN, two of the world’s major gold markets,” Mr Yang said.

In 2018, UOB (China) recorded robust growth in its precious metals business, with its gold trading volume on the Shanghai Gold Exchange (SGE) main board increasing almost 10 times over the previous year to 1,319.2 tonnes. Silver trading volume on the SGE also rose 11.6 times over the same period to 2,029.1 tonnes. In recognition of its trading capabilities, UOB (China) received the Best Member and Most Promising Bilateral Trading Bank Awards presented by the SGE in 2018.

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About United Overseas Bank (China)

United Overseas Bank (China) Limited (UOB (China)) is a wholly-owned subsidiary of United Overseas Bank Limited (UOB), a leading bank in Asia. Headquartered in Shanghai, UOB (China) was incorporated in the People’s Republic of China on 18 December 2007 and commenced operations on 2 January 2008. With a stable and far-sighted approach, UOB (China) has grown its network to 16 branches and sub-branches in the major cities across China.

Over the years, our employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB (China) is steadfast in our support of social development, particularly in the areas of art, children and education.

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