

## News Release

# UOB completes its first Loco London gold forward contract in Australian Dollars to help meet Zijin Mining's gold hedging needs

*Bank signs a Memorandum of Understanding with Zijin Mining to support the company's regional growth ambitions*

**Shanghai, China, 8 May 2020** – United Overseas Bank Limited (UOB) today announced that it has completed its first Loco London<sup>1</sup> gold forward contract denominated in Australian dollars. The transaction was carried out for Zijin Mining Group Company Limited (Zijin Mining), a large-scale mining group engaged mainly in the exploration and development of gold, copper, zinc and other metallic mineral resources.

UOB (China) began its support of Zijin Mining in 2018, providing financial services and solutions in trade financing, gold leasing, foreign exchange (FX) and futures trading. In 2019, Zijin Mining approached UOB (China) with a hedging request for its Australian subsidiary's gold production. UOB (China), together with its headquarters company based in Singapore and UOB Sydney Branch, reviewed the relevant laws and regulations, analysed sector trends, conducted due diligence and approved the credit line.

This February, gold prices hit a new high in Australian dollars, partly due to the impact of COVID-19 on global markets. Capitalising on this opportunity, the Group successfully executed the gold forward transaction at the Loco London market at the target price set by Zijin Mining.

Mr Peter Foo, President and Chief Executive Officer of UOB (China), said, "Companies across the gold industry value chain are currently facing various uncertainties, including the economic and business impact of the COVID-19 pandemic, fluctuations in the financial markets and slowing gold supply. The gold forward contract enabled Zijin Mining to lock in its medium- to long-term gains by hedging against market volatility. We will continue to draw on our expertise and sector insights to

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<sup>1</sup> Loco London is the international standard for gold and silver trading and settlement. The London Precious Metal Clearing Limited (abbreviated as LPMCL) provides an electronic matching system to effect daily bullion settlements. Most global over-the-counter gold and silver trading is cleared through the clearing system, with deals between parties throughout the world settled and cleared in London.

provide our clients with trading solutions to support their financial needs and to help ensure greater liquidity in the gold market.”

UOB (China) and Zijin Mining are positive on the outlook of gold prices, in view of the increased demand for gold as a preferred hedging product amid current market volatility. To help Zijin Mining preserve its business strength and to manage its risk exposure over the medium to long term, the Bank extended the forward facility. In addition, UOB (China) signed a MOU with Zijin Mining to deepen its support of the company by connecting it and its subsidiaries to the full range of financial services and solutions from UOB Group. In doing so, the Bank will help Zijin Mining manage the current challenges arising from global market volatility and to seek regional growth opportunities.

"At UOB, we are committed to building long-lasting relationships with our clients by identifying and meeting their business needs in a timely manner. We are pleased to deepen our collaboration with Zijin Mining and will continue to tap UOB Group’s expertise and regional network to broaden our support of its business growth within and across borders," Mr Foo said.

Ms Lin Hong Ying, Executive Director and Senior Vice President of Mining Group Company Limited, said, “Zijin and UOB have forged a close collaboration in different financial areas. The recent completion of a physical gold forward delivery transaction in Australian dollars for one of our subsidiaries has demonstrated the Bank’s product capabilities. The MOU is a new milestone of our relationship with the Bank, opening up more possibilities in areas of international trade, commodity trade and FX management. We hope to capitalise on UOB’s solutions and regional connectivity as we continue with our growth momentum and to realise our business goals.”

UOB Group’s relationship with Zijin Mining also includes credit support out of Singapore and Hong Kong to the company’s subsidiaries in markets outside mainland China.

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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 17 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.

For more information about UOB (China), please visit [www.UOBChina.com.cn](http://www.UOBChina.com.cn)

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