

The background features a dark blue overlay with a pattern of gold bars and coins. The bars are stamped with 'GLOBAL INTERGOLD', '50g FINE GOLD 999.9', '100g FINE GOLD 999.9', and 'NMR MELTER ASSAYER'. The coins are stamped with '50g FINE GOLD 999.9' and 'NMR MELTER ASSAYER'. The background also includes a faint musical staff with notes and a globe icon.

A GOLDEN OPPORTUNITY

REALISING HONG KONG'S GLOBAL GOLD HUB AMBITIONS

APRIL 2026

QUINLAN
& ASSOCIATES

EXECUTIVE SUMMARY

Hong Kong is seeking to position itself as a world-class gold hub, with a strategic focus on refining, safekeeping, clearing, and the provision of gold-related products and services. However, several capabilities across the value chain remain in the early stages of development, presenting significant opportunities for both the public and private sectors to drive further growth.

Recent years have seen gold demand being increasingly underpinned by demand from central banks, expanding by 3.4x since 2020. Notably, central banks in emerging markets remain materially underweight in gold compared to their developed market counterparts, suggesting strong potential for sustained long-term demand. In parallel, ongoing geopolitical tensions are prompting central banks and broader market participants to diversify away from established gold centres such as the United States and the Middle East.

As a leading financial centre in Asia-Pacific, Hong Kong is well-positioned to capture a growing share of this shifting activity, supported by a strong regulatory push. Nevertheless, when benchmarked against established hubs such as London and New York, Hong Kong's infrastructure readiness and overall market conditions indicate further scope for enhancement.

Across the gold value chain, we have identified the following key trends:

- **Refining:** Hong Kong has outlined concrete policy support to attract gold refiners, including site selection assistance, accreditation support, and financial incentives. Early market entrants, including MKS PAMP and Point Gold International, signal growing industry confidence. Regulatory compliance, environmental requirements, and talent availability remain key considerations for prospective operators.
- **Vaulting:** Hong Kong has set a target of 2,000 tonnes of gold vault capacity, equivalent to approximately 40% of global demand in 2025. Achieving meaningful utilisation will require more than physical infrastructure. Sustained engagement from central banks and institutional investors, alongside deep clearing and liquidity ecosystems, will be critical to avoid the underutilisation challenges observed in comparable initiatives elsewhere, such as Singapore.
- **Clearing:** Hong Kong's spot gold turnover has grown fivefold over the past nine years, yet its gold derivatives market remains underdeveloped relative to COMEX and LBMA. A recently signed MoU with the Shanghai Gold Exchange marks a significant step towards establishing a central clearing system. The growing tokenised gold segment in Hong Kong, led locally by HSBC Gold Token and HashKey, presents an additional avenue for market development within a regulated framework.
- **Products and Distribution:** Gold allocation among Hong Kong wealth management clients doubled from 4% to 11% between 2024 and 2025, reflecting a meaningful shift in investor behaviour. Hong Kong's tax advantage on physical gold purchases provides a structural edge in retail distribution, particularly relative to the mainland market. Gaps remain in the product offering, with tokenised gold, gold bonds, and gold debit cards representing underpenetrated opportunities with significant growth potential.

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SECTION 1

GOLD MARKET OVERVIEW

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GOLD VALUE CHAIN

Hong Kong is looking to position itself as a world-class gold hub; however, many of its capabilities are still emerging, creating significant opportunities for both the public and private sectors

End-to-End Proposition

Gold Value Chain

Phases: Key Focus Areas¹ Peripheral Area Current Participation: Active Emerging Limited

Phases	MINING / EXTRACTION	PROCUREMENT & AGGREGATION	PRE-REFINING ASSAYING	REFINING	POST-REFINING ASSAYING	TRADING	SAFEKEEPING	CLEARING	PRODUCT & SERVICE
Description	Production of gold (typically doré) by large-scale miners and artisanal operators, forming the primary upstream supply that feeds into formal aggregation and refining channels	Structured sourcing and consolidation of gold supply by aggregators or traders, combining material into commercially viable lots with initial screening	Testing of doré by independent or refinery-based assayers to determine gold content, impurity levels, and payable value prior to refining and commercial settlement	Processing of doré into high-purity bullion (typically 99.99%) using chemical or electrolytic methods to meet investment-grade and international market standards	Verification of refined gold purity and accreditation under globally recognised standards (e.g., LBMA ²) to ensure quality assurance and international market acceptance	Execution of offtake agreements, pricing benchmarks, and transaction terms to enable efficient price discovery, risk allocation, and commercial exchange between participants	Provision of secure storage, custody, and inventory management to safeguard physical gold, support efficient settlement, and enable regional allocation and mobility	Management of counterparty risk, margining, netting, and settlement finalisation to ensure secure, efficient, and reliable completion of transactions across participants	Provision of physical products (e.g., jewellery) and financial solutions (e.g., structured products) to enable end-user consumption, investment, and risk management
HK's Potential Value Proposition	<i>Serve as a strategic downstream hub connecting gold producers with Asian demand, facilitating inflows from Belt & Road and other key source markets</i>	<i>Act as a regional aggregation and distribution hub, consolidating gold flows from multiple origins and enabling efficient coordination between suppliers and buyers</i>	<i>Develop into a trusted assaying and certification centre for incoming gold, ensuring quality verification and standardisation before further processing</i>	<i>Establish a regional refining hub supported by local capacity expansion and cross-border collaboration with the Mainland, enabling processing and re-export</i>	<i>Become a globally recognised certification centre for refined gold, ensuring quality assurance and acceptance across trading and investment markets</i>	<i>Develop into an international gold trading centre linking global liquidity with Mainland China demand, supported by robust regulation and market infrastructure</i>	<i>Build a regional gold storage and custody hub with large-scale, secure infrastructure, supporting efficient physical delivery and underpinning market confidence</i>	<i>Establish a central clearing hub to enhance market efficiency and reduce counterparty risk, forming a critical backbone for scaling gold trading activities</i>	<i>Develop a gold financial ecosystem that transforms physical gold into investable and financing products, fully unlocking the potentials</i>
HK's Current Participation	-	✓	✓	✓	✓	✓✓	✓	✓	✓✓

Significant opportunities exist to develop Hong Kong's gold value chain, with substantial whitespace for institutions to capture underpenetrated and evolving areas of the market

¹Key focus areas for this report, which were directly mentioned in the Policy Address 2025, ²London Bullion Market Association

Source: Hong Kong Government, Quinlan & Associates analysis

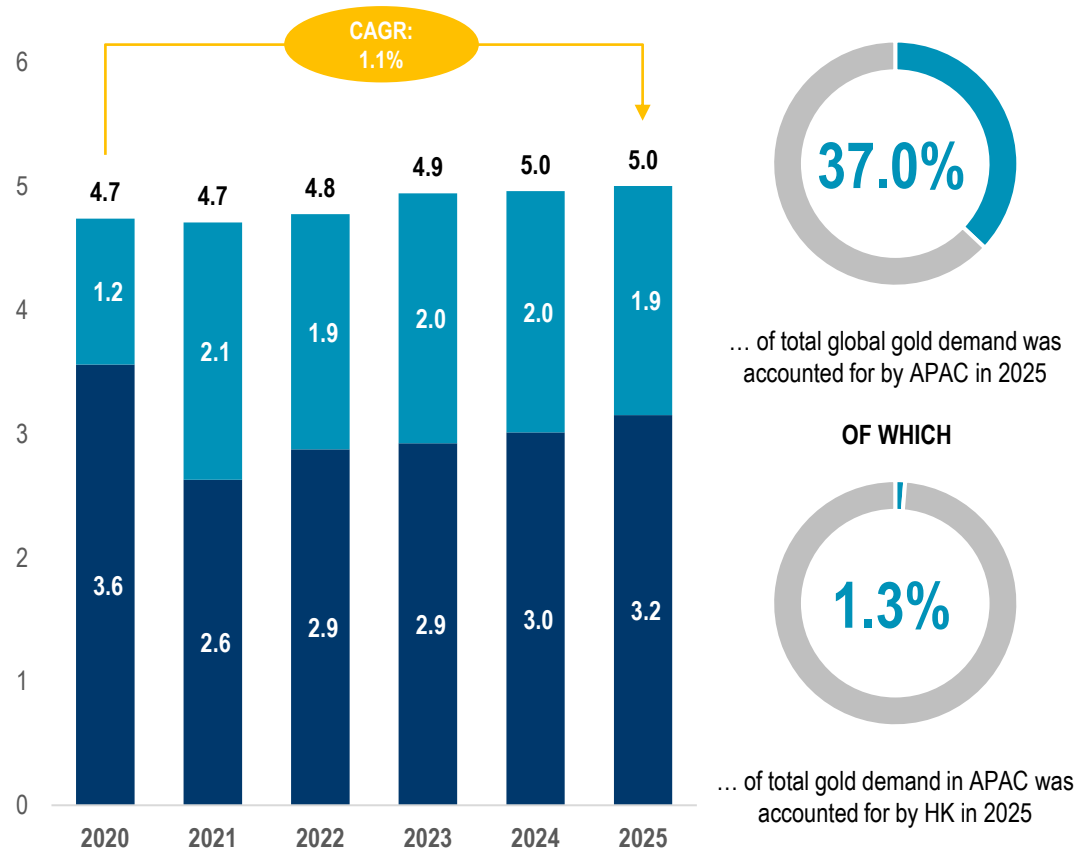
GROWING GLOBAL DEMAND

Gold demand has increased sharply over the past five years, with the APAC region accounting for the lion's share of demand; central banks have also been a key contributor to overall demand

APAC vs. Global Gold Demand¹

Thousand Tonnes

■ Non-APAC Countries ■ APAC Countries



Segment Analysis

Global Gold Demand, Tonnes

□ Rapidly-growing Segment

Segments	2020 Demand	2025 Demand
Investment Gold investment increased due to safe-haven appeal, diversification needs, and price-driven motivations with ongoing economic uncertainty	1,805	2,175 (1.2x)
Jewellery Fabrication Jewellery fabrication has increased notably despite high gold prices, where gold collars and layered necklaces appeal to millennials in Saudi Arabia, Turkey, and the UAE	1,332	1,638 (1.2x)
Central Banks and Other Institutions Central banks are accumulating gold for reserves to diversify away from a single fiat currency (i.e., USD) amid geopolitical tensions and inflation pressure	255	863 (3.4x)
Technology Technology use (e.g., electronics, hardware) saw only modest growth, constrained by gold's high cost and substitution with cheaper alternatives	309	323 (1.0x)

¹APAC countries covered include India, Pakistan, Greater China, Japan, Indonesia, Malaysia, Singapore, Korea, Thailand, Vietnam, and Australia; other APAC countries do not disclose gold demand

Source: World Gold Council, Quinlan & Associates analysis

BURGEONING CENTRAL BANK DEMAND

Central banks, especially those operating in Asian emerging markets, have been actively increasing their gold reserves, a trend that we expect to continue in the coming years

APAC Central Bank Gold Demand

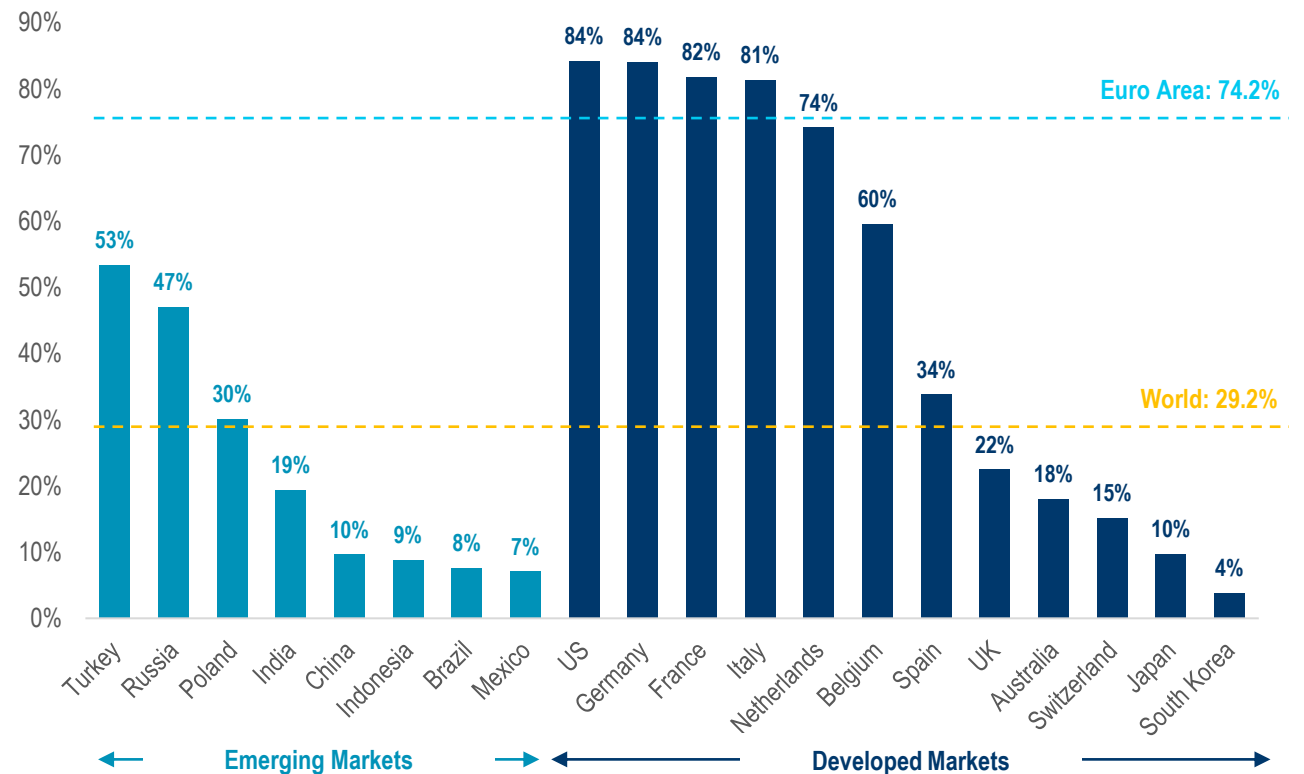
Top 10 Central Banks by Net Purchases and Sales, Tonnes, 2025

Jurisdictions	Demand in Gold (2025)	% of Global Demand (2025) ¹
Kazakhstan	57.0	6.6%
Azerbaijan	38.2	4.4%
China	26.8	3.1%
Cambodia	8.0	0.9%
Uzbekistan	7.8	0.9%
Indonesia	6.3	0.7%
Kyrgyzstan	6.1	0.7%
Qatar	4.4	0.5%
India	4.0	0.5%
Philippines	2.3	0.3%

Emerging Markets

Gold Holdings as % of Central Bank Reserves

Key Global, End of 2025 / Start of 2026



Emerging Markets

Developed Markets

Emerging markets currently hold a lower percentage of gold in their reserves than developed markets and the world average level, indicating further room for gold purchases

95%

...central banks expect global central bank gold reserves to increase over the next 12 months

¹Global demand from central banks and other institutions

Source: World Gold Council, Quinlan & Associates analysis

GEOPOLITICAL TAILWINDS FOR HONG KONG

Central banks and traders are increasingly redirecting gold away from the US and the Middle East as growing geopolitical tensions and sanctions risks reshape global custody and trading dynamics

Gold Repatriation from the US

Select Examples

Key actions



France

France has completed the withdrawal of its remaining gold reserves previously held at the Federal Reserve Bank of New York, transferring them to Paris between mid-2025 and early 2026. The shift involved about 129 tonnes and was carried out by liquidating US-held bullion and acquiring equivalent holdings in Europe for domestic storage



Germany

Germany repatriated ~300 tonnes of gold from New York between 2013 and 2017 as part of a broader effort to increase domestic control over its reserves. More recently, economists and German policymakers have renewed calls for the government to bring back the remaining gold held in the US amid rising geopolitical and custodial concerns

Underlying Concerns

Gold Repatriation From the US



Sanctions Risk

The freezing of Russia's reserves highlighted the risks of holding assets in Western systems, increasing gold's appeal as a sanctions-resistant asset and prompting a shift away from US



Declining Trust in the US

Growing concerns over US political unpredictability and the neutrality of its financial system are driving countries to seek greater control over their reserves and reduce reliance on US custodians



Geopolitical Fragmentation

Amid rising global tensions and a shift toward a multipolar world, central banks are prioritising resilience and self-reliance, leading to a preference for domestically held or regionally aligned gold reserves

Plan for Shifting from the Middle East

Ghana Case Study



Ghana's state-owned artisanal gold exporter is preparing backup plans to reroute shipments to alternative refining hubs if disruptions in the UAE persist, with options in China and India being considered despite the likelihood of higher transport costs

Key Influences

Recent Geopolitical Tensions from the Middle East



Logistics Disruptions Undermining Hub Reliability

The Middle East conflict has directly disrupted gold logistics by grounding flights and partially closing airspace in key hubs like Dubai. Shipment routes have been stalled or rerouted, creating bottlenecks and delaying flows



Geopolitical Risk Eroding Hub Attractiveness

Escalating military tensions, including attacks on infrastructure and threats to key shipping routes like the Strait of Hormuz, have weakened investor confidence and challenged the perception of Gulf hubs as safe intermediaries for global trade



Volatility Reinforcing Shift to Alternative Hubs

The conflict has introduced significant volatility in gold flows and pricing, with sudden supply shocks. Such instability reinforces the need for more resilient and diversified trading infrastructure, accelerating the shift toward alternative hubs

HONG KONG REGULATORY PUSH

The Hong Kong Government set out its goal of developing an international gold trading market in its 2024 and 2025 Policy Addresses, with the FSTB establishing a dedicated working group to implement the initiatives

Hong Kong Regulatory Push

Supporting Policies

2024



Policy Address 2024

- **Vision Initiation:** The HK Government aims to build an international gold trading market by developing world-class storage facilities, enabling efficient spot gold storage and delivery, and stimulating demand for related services, such as collateral and lending, to drive financial sector growth
- **Working Group Set-up:** The Financial Services and the Treasury Bureau (“FSTB”) will form a working group to advance the gold trading centre, focusing on trading and regulatory frameworks, fintech applications, and exploring the inclusion of gold products in Mainland mutual market access programmes

2025



Policy Address 2025

- **Gold Storage Building:** The FSTB will support the Airport Authority Hong Kong and financial institutions to establish Hong Kong’s gold storage facilities, with a target gold storage capacity of over 2,000 tonnes within three years, propelling Hong Kong into a regional gold reserve hub
- **Gold Refineries Expansion:** The FSTB will encourage gold traders to set up or expand refineries in Hong Kong, and explore with the Mainland the feasibility of processing supplied materials in the Mainland to produce refined gold that can be exported to Hong Kong for trading and delivery
- **Clearing System Establishment:** The FSTB will establish a central clearing system for gold in Hong Kong to provide efficient and reliable clearing services for transactions of gold in compliance with international standards, and invite the participation of the Shanghai Gold Exchange to prepare for mutual market access with the Mainland in the future
- **Gold Products Diversification:** The FSTB will offer a greater variety of gold investment vehicles by assisting issuers in issuing gold funds, and support the development of new investment products such as tokenised gold
- **Gold Trade Association Foundation:** The FSTB will support the setting up of a trade association for the gold industry, with a view to establishing an exchange platform with the Government and regulators, stepping up promotional efforts, and attracting more B&R¹ clients, while strengthening talent training

2026



MoU Signing with Shanghai Gold Exchange

- **Cooperation Enhancement:** The FSTB and the Shanghai Gold Exchange will collaborate to establish a high-level governance structure for Hong Kong’s gold central clearing system, while enhancing physical infrastructure coordination and strengthening market connectivity

¹Belt and Road Initiative





COMPETITIVE BENCHMARKING

Compared with leading global gold hubs such as New York and London, Hong Kong lags in key areas such as market liquidity, refining capacity, and vault capacity

Benchmarking Analysis

New York, London, Singapore and Hong Kong

High
 Moderate
 Low
 Not Available
 Key Gaps

	 New York	 London	 Singapore	 Hong Kong
Infrastructure Readiness	Refining Capability (e.g., Manhattan Gold & Silver, National Refining Group, etc.)	Moderate (e.g., Baird & Co., Star Refining, etc.)	Low (e.g., Metalor Technologies Singapore)	Low (e.g., Heraeus Ltd Hong Kong and Metalor Technologies (Hong Kong) Ltd)
	Vault Capacity (The Federal Reserve Bank of New York held 6,331 metric tons of gold in 2024)	High (London vaults held 9,210 tonnes of gold as of the end of February 2026)	Low (The Reserve has a storage capacity of up to 500 tonnes of gold)	Low (AAHK ¹ Depository has a capacity of 150 tonnes, and plans to expand the gold vault capacity to 2,000 tonnes)
	Custodian & Depository Infrastructure (e.g., Asahi Depository, JPMorgan Chase, HSBC Bank USA, Brink's, etc.)	7 Gold Custodians in the Loco London Market (e.g., HSBC, ICBC Standard Bank, JP Morgan, etc.)	1 Approved Vault Operator (Only Brink's Singapore Pte Ltd has been appointed as an Approved Vault Operator)	5 HKEX³ Recognised Gold Depositories (e.g., Bank of China, Brink's Hong Kong, HKIA ⁴ Precious Metals Depository, etc.)
Market Conditions	Central Gold Clearing Infrastructure Availability COMEX	London Precious Metals Clearing Limited	N/A	N/A (Development in Progress)
	Consumer Demand (175.3 tonnes of gold demand in 2025 in the US)	Moderate (34.8 tonnes of gold demand in 2025 in the UK)	Moderate (15.6 tonnes of gold demand in 2025)	Moderate (24.1 tonnes of gold demand in 2025)
	Spot Gold Liquidity N/A	High (USD 118.63 bn average daily gold trading volume)	N/A (Data not publicly disclosed)	Low (HKD 942 mn average daily turnover of 99 Tael Gold)
	Derivatives Liquidity (USD 113.96 bn average daily gold trading volume)	High (USD 42.85 bn average daily gold trading volume)	0 (SGX Kilobar Gold Contract was suspended in 2018 due to weak volumes)	0 (Currently, the average daily trading volume of gold futures is 0)

¹Airport Authority Hong Kong, ²Commodity Exchange Inc., ³Hong Kong Exchanges and Clearing Limited, ⁴Hong Kong International Airport

Source: various banks' official websites, CME Group, LBMA, HKEX, World Gold Council, SGX, MONOCLE, Bloomberg, Quinlan & Associates analysis

KEY CONSIDERATIONS FOR HONG KONG

To successfully implement the Hong Kong government's key initiatives, there are several key questions that must be considered to ensure sufficient utility and liquidity

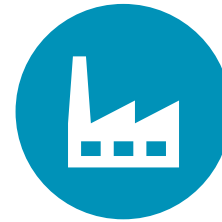
Key Questions

For the Proposed Initiatives



Storage Capacity

- Is the planned capacity valid?
- What types of gold demand is Hong Kong targeting?
- How should Hong Kong be positioned vs. established storage gold hubs?



Refinery Expansion

- What are the benefits of setting up a refinery in Hong Kong vs. other regions (e.g., Shenzhen)?
- What support can the Hong Kong government offer to refineries?



Clearing System Participation

- Where will liquidity come from?
- How can the government build an engagement plan to encourage participation from financial institutions?
- What are the KPIs¹ that will define success?



Product Target Customer

- Who are the target customers for the new gold products (e.g., tokenised gold)?
- What unmet needs are being addressed?
- What are the distribution channels for these new products?

Key Considerations

¹Key Performance Indicators

Source: Quinlan & Associates analysis

SECTION 2

PERSPECTIVES ACROSS THE GOLD VALUE CHAIN

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SECTION 2.1

REFINING



REGULATORY SUPPORT

The Hong Kong government is actively supporting gold refineries in entering the local market, with companies responding positively, reinforcing broader efforts to position Hong Kong as a global gold hub

Regulatory Support

Gold Refinery



In Hong Kong's 2025 Policy Address, the government outlined plans to encourage gold traders to establish or expand refining operations locally, while also exploring cross-border arrangements with Mainland China, allowing raw materials to be processed there and the refined gold to be exported back to Hong Kong for trading and delivery

Policy Support



Investment Support

The Hong Kong government has introduced targeted measures specifically aimed at attracting precious metals companies by providing support with site selection and internationally recognised certifications (e.g., LBMA standards)



Financial Incentives & Supporting Infrastructure

The government is rolling out financial incentives (e.g., potential tax benefits) while simultaneously investing in critical infrastructure (e.g., expanding gold storage capacity to over 2,000 tonnes and enhancing logistics capabilities)



Cross-border Integration with Mainland Refiners

Hong Kong is strengthening institutional links with mainland China's gold ecosystem. Agreements with entities such as the SGE¹ and regulators in Shenzhen facilitate cross-border gold flows and improve connectivity

The Hong Kong Government is actively encouraging gold refineries to enter the local market through targeted policies and support measures

¹Shanghai Gold Exchange

Source: Hong Kong Government, SCMP, Trade World News, MKS PAMP, China Daily, Quinlan & Associates analysis

Recent Market Entry

Gold Refinery



Oct 2025

MKS PAMP's Regional Headquarters

MKS PAMP, a leading global player in gold refining and trading, has inaugurated its new regional headquarters in Hong Kong, which will serve as a hub for its full range of precious metals trading and financial services in the region

Key Functions in Hong Kong:



Client Relationship Management



Treasury Activities



Precious Metals Trading



Operational Support



Mar 2026

Point Gold's Investment Plan in the Refinery Facility

Point Gold International Ltd, a Shenzhen-headquartered company specialising in metal refining and financial trading services, has announced plans to invest HKD 1.17 billion in a new gold refining facility in Hong Kong

Key Businesses in Hong Kong:



Precious Metals Production



Refining & Processing



International Trading Activities








Global and regional refineries are actively responding to policy support by expanding their activities in Hong Kong

KEY CONSIDERATIONS

To establish a gold refinery in Hong Kong, companies must consider regulatory compliance, operational viability, and ecosystem enablement, requiring thorough preparation and a comprehensive feasibility assessment

Key Considerations

Gold Refinery Set-up

	Regulatory Compliance			Operational Viability		Ecosystem Enablers	
Description	 <p>Regulatory Registration</p> <p>Gold refineries must obtain the necessary licenses and registrations to legally operate in HK, with a strong focus on AML¹ compliance</p>	 <p>Global Accreditation</p> <p>International accreditation is critical for refineries to access global markets and ensure their products are widely accepted by institutional buyers</p>	 <p>Environmental Requirements</p> <p>Refineries must adhere to environmental regulations governing emissions and wastewater, given the industrial and chemical nature of refining activities</p>	 <p>Site Selection</p> <p>Selecting a suitable site is critical to ensure operational efficiency, regulatory compliance, and access to infrastructure for refining activities</p>	 <p>Cost Competitiveness</p> <p>Cost considerations are important for refining operations, as margins can be sensitive to operating expenses and overall cost structures</p>	 <p>Financing & Liquidity Access</p> <p>Access to financing and liquid markets supports refinery operations by enabling working capital management and efficient trading activities</p>	 <p>Talent & Technical Expertise</p> <p>A skilled workforce is essential to support the technical, operational, and compliance requirements of gold refining activities</p>
Key Aspects	<ul style="list-style-type: none"> Registration as a Dealer in Precious Metals and Stones AML / KYC² compliance requirements Transaction monitoring and reporting obligations 	<ul style="list-style-type: none"> London Bullion Market Association Good Delivery accreditation Alignment with responsible sourcing standards (e.g., OECD³ Due Diligence Guidance for Responsible Supply Chains of Minerals) 	<ul style="list-style-type: none"> Air emissions control and licence from the Environmental Protection Department Wastewater discharge licensing 	<ul style="list-style-type: none"> Availability of industrial land or specialised facilities Access to utilities (e.g., power, water, waste treatment) Proximity to logistics hubs (e.g., ports, airports) 	<ul style="list-style-type: none"> Land and rental costs Energy and utility expenses Labour costs Tax environment and potential incentives 	<ul style="list-style-type: none"> Trade finance and credit lines Integration with global trading hubs 	<ul style="list-style-type: none"> Availability of skilled metallurgists and engineers Compliance and risk management professionals Operational and plant management expertise

¹Anti-Money Laundering, ²Know Your Customer, ³Organisation for Economic Co-operation and Development

Source: Hong Kong Customs, LBMA, OECD, Environmental Protection Department, Quinlan & Associates analysis

SECTION 2.2

SAFEKEEPING

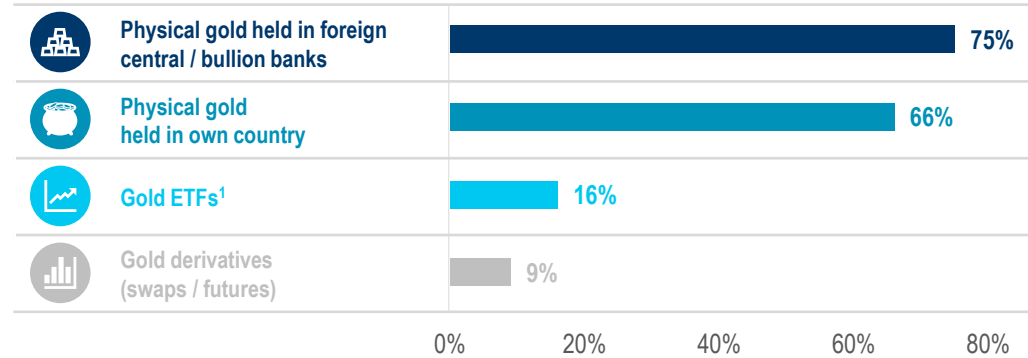


CRITICALITY OF SAFEKEEPING

Physical gold is a preferred investment for central banks globally, underscoring strong demand for physical storage, while the growth in Hong Kong's physical gold demand highlights the increasing importance of local storage capacity

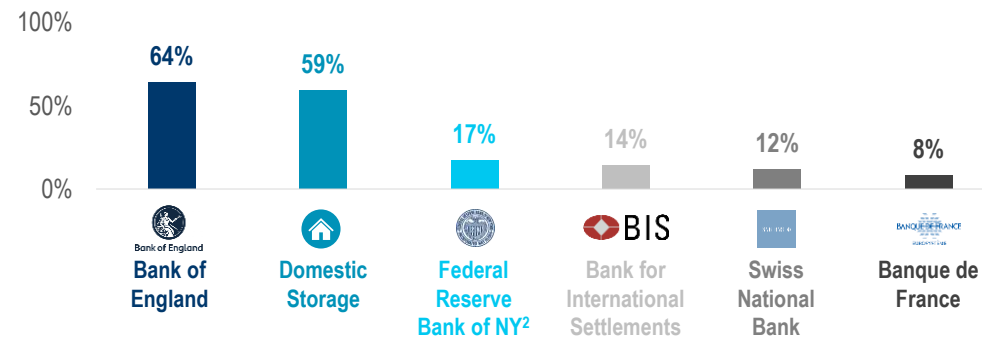
Central Bank Preference for Gold Investment Format

% citations, 2025



Central Bank Preference for Gold Storage Location

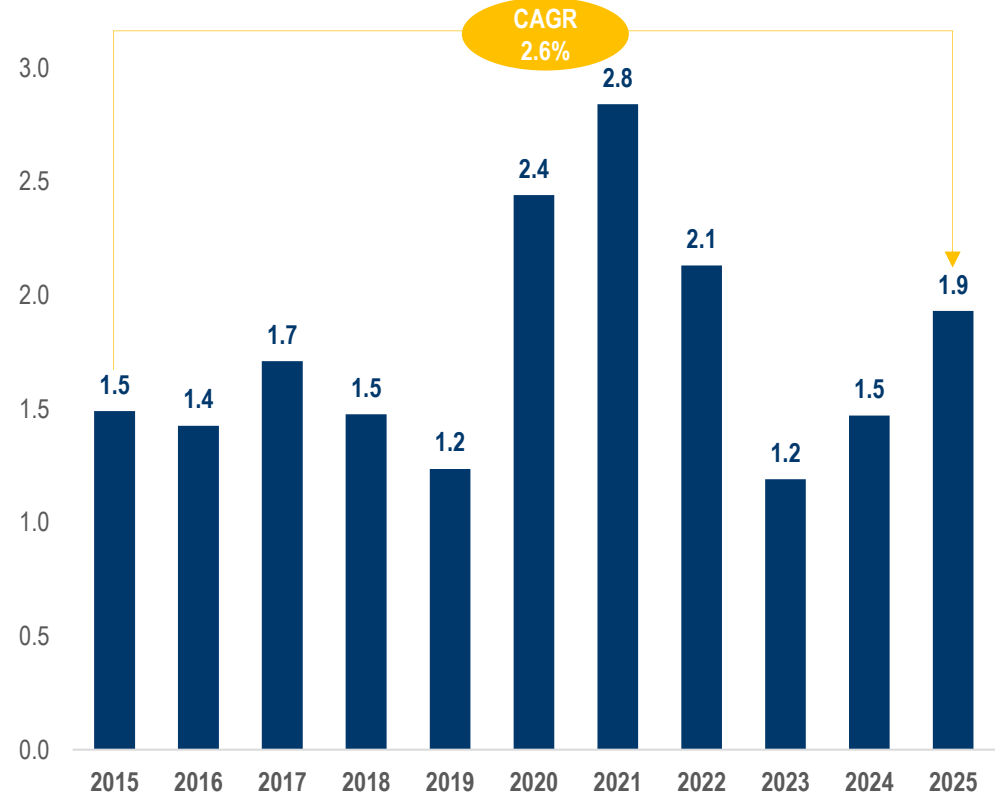
% citations, Top Six Choices, 2025



Physical gold is a mainstream choice for central banks, often stored domestically or with central banks in major gold hubs

Total Bar and Coin Demand in Hong Kong

Tonnes, 2015 - 2025



Physical gold demand in Hong Kong continues to grow, increasing the need for reliable vaults

¹Exchange-Traded Funds, ²New York

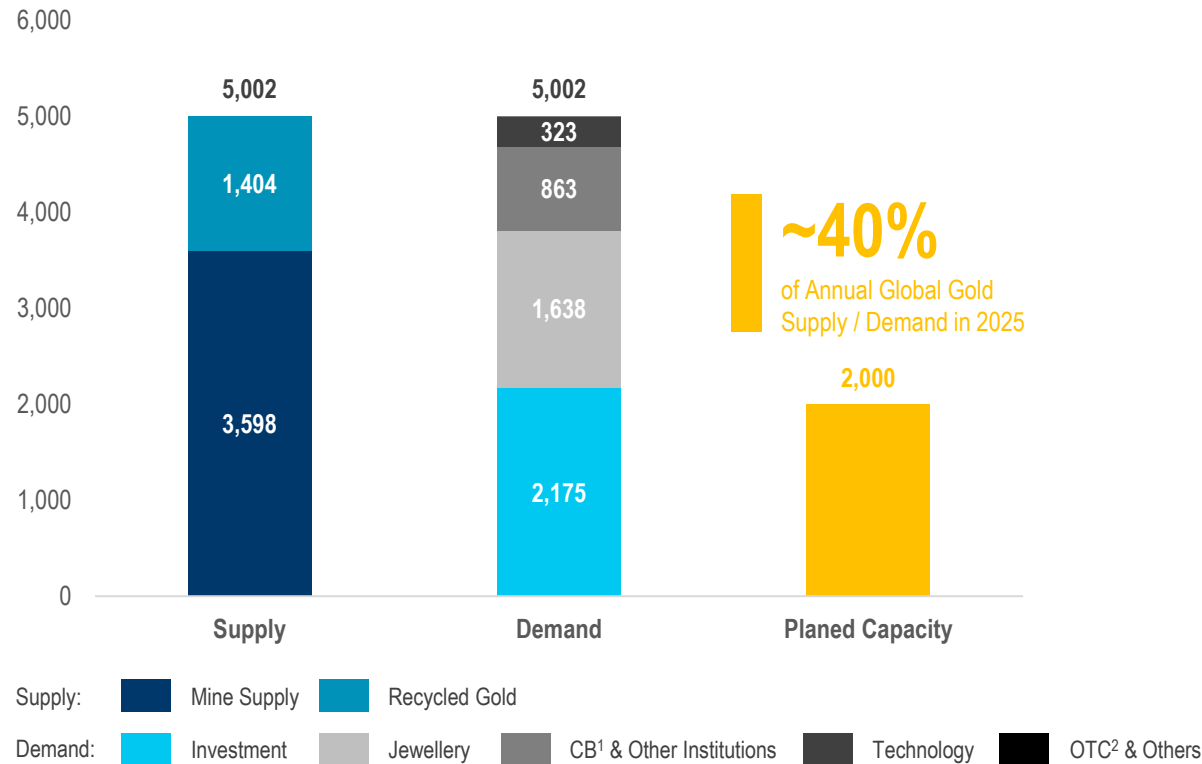
Source: Invesco, World Gold Council, Hong Kong Gold Exchange, Quinlan & Associates analysis

CAPACITY UTILISATION CONSIDERATIONS

Hong Kong has set an ambitious target to expand its gold vault capacity, which will require a targeted outreach strategy to fully utilise it; important lessons should be drawn from Singapore’s experience with “The Reserve”

Global Gold Supply & Demand vs. Planned Gold Vault Capacity

Tonnes, 2025 vs. HK’s Target in Three Years



The planned expansion of Hong Kong’s gold vault would represent ~40% of global annual gold demand, underscoring the substantial scale of this initiative

¹Central Bank, ²Over-The-Counter

Source: World Gold Council, Cryptorank, HK Government, Quinlan & Associates analysis

Case Study

The Reserve, Singapore

The Reserve

Singapore built a massive new vault (“The Reserve”) near Changi, designed with huge theoretical capacity, able to store up to about 500 tonnes of gold (plus 10,000 tonnes of silver) within its specialised vaults. However, current storage sits well below capacity.



Limited Market Infrastructure

New vault hubs often lack the depth of trading liquidity, clearing systems, and institutional participation seen in established centres like London, resulting in slower demand build-up for storage



Entrenched Global Competition

Existing global vault hubs continue to dominate gold storage, and institutional holdings tend to be highly sticky, making it difficult for new locations to attract large and rapid inflows



Mismatch Between Financial and Physical Demand

While investment demand for gold may be growing, much of it is expressed through ETFs and paper instruments, which do not necessarily translate into increased demand for physical storage



Insufficient Institutional Demand

The Reserve targets private wealth and family office demand, but they alone may be insufficient to fill large-scale vault capacity, which relies heavily on sustained participation from central banks and major institutional investors

To fully utilise the planned vault capacity, Hong Kong must develop a targeted outreach strategy focused on attracting customer segments with strong and sustained demand

CASE STUDY – ECOSYSTEM DEVELOPMENT

To fully utilise vaulting capacity and drive the commercialisation of vaulted gold, a comprehensive ecosystem across the gold value chain is required, as demonstrated by the LBMA model

LBMA

Vault as Settlement Backbone



In the LBMA system, vaults are not passive storage facilities but the core infrastructure enabling settlement of massive OTC gold trades. Physical gold moves continuously between accounts to support spot, forward, and swap transactions, making the vault an essential engine of market liquidity



Ecosystem Development

LBMA builds a dense network of bullion banks, central banks, and logistics providers before focusing on vault expansion. This ecosystem generates continuous flows, ensuring that vault capacity is naturally utilised



Standardisation Enabled Liquidity

The Good Delivery standard ensures that all gold bars are interchangeable across the market. This removes friction in trading and settlement, allowing gold to circulate efficiently between participants without additional verification barriers



High Turnover

Gold in LBMA vaults is constantly utilised through transfers, leasing, and financing activities. This high turnover means that utilisation is driven by the velocity of movement rather than simply the amount of gold stored



Transparency Builds Trust

Regular disclosure of vault holdings and market activity enhances credibility and attracts institutional investors. Transparency reduces information asymmetry and reinforces London's position as a trusted global gold hub

LBMA Ecosystem

Members & Ecosystem Organisations in the UK

	Types	Example Organisations
Supply & Processing	Miner	Valterra PLATINUM
	Refiner	JM Johnson Matthey Inspiring science, enhancing life; StoneX
	Assayer	ASI Alex Stewart International; Alfred H Knight; A.S.; BUREAU VERITAS
Intermediation & Liquidity	Fabricator	AG AMES GOLDSMITH UK LIMITED; Cookson Industrial Part of HM Precious Metals; The Royal Mint
	Exchange	CME Group
	ETF Provider	WISDOMTREE
Supporting Services	Bank	BANK OF AMERICA; 中國銀行 BANK OF CHINA; BNP PARIBAS; citibank
	Broker	GFI; LimpidMarkets; TP ICAP; VELOCITY TRADE
	Dealer	ATKINSONS; Baird & Co. Bullion Merchants Est. London 1967; BASF We create chemistry; BullionVault
Supporting Services	Trader	EDGEWATER; Gerrards your one stop for precious metals; J.P.Morgan J.P. Morgan Securities
	Logistics & Vaulting	BRINKS; MALCA-AMT; LOOMIS; Bank of England
	Transporter	AVA GLOBAL LOGISTICS; BRINKS; IBI; INTERNATIONAL LOGISTICS
Supporting Services	Consultant	M METALS FOCUS

SECTION 2.3

CLEARING

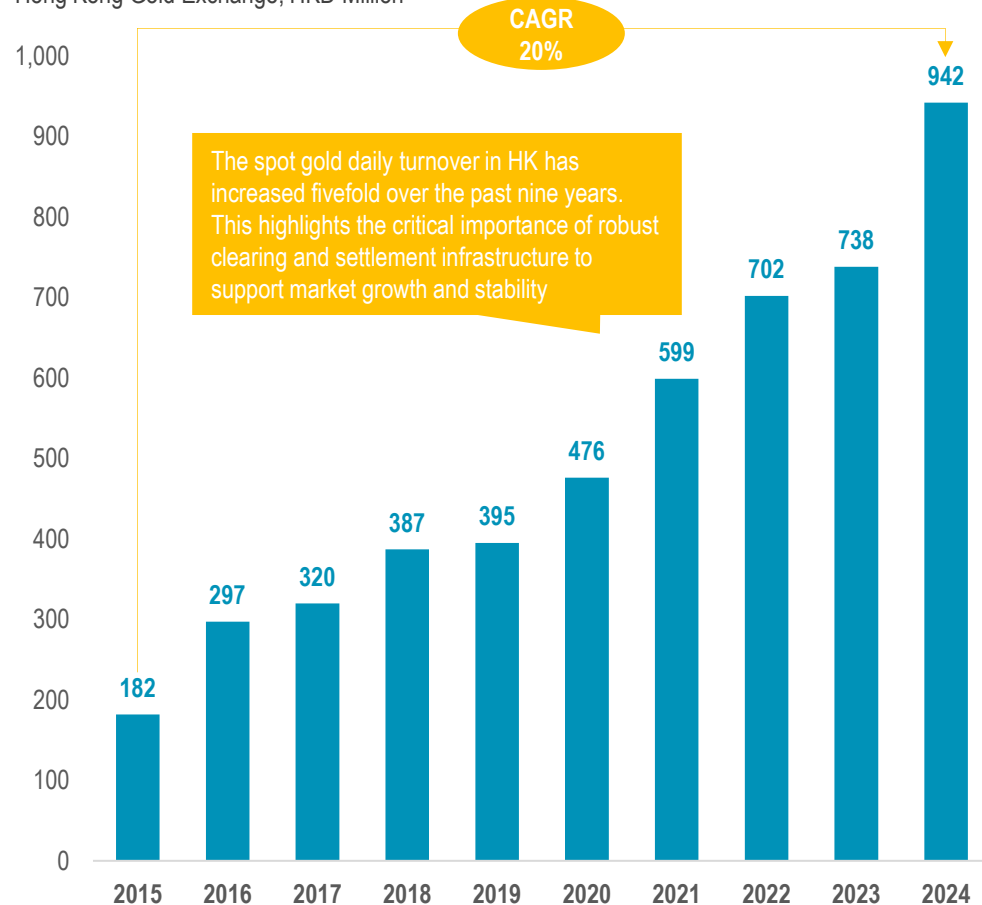


GROWTH IN GOLD TRADING ACTIVITY

Rising gold prices and investor demand are driving strong growth in Hong Kong’s gold trading activity, increasing the need for scalable clearing and settlement infrastructure

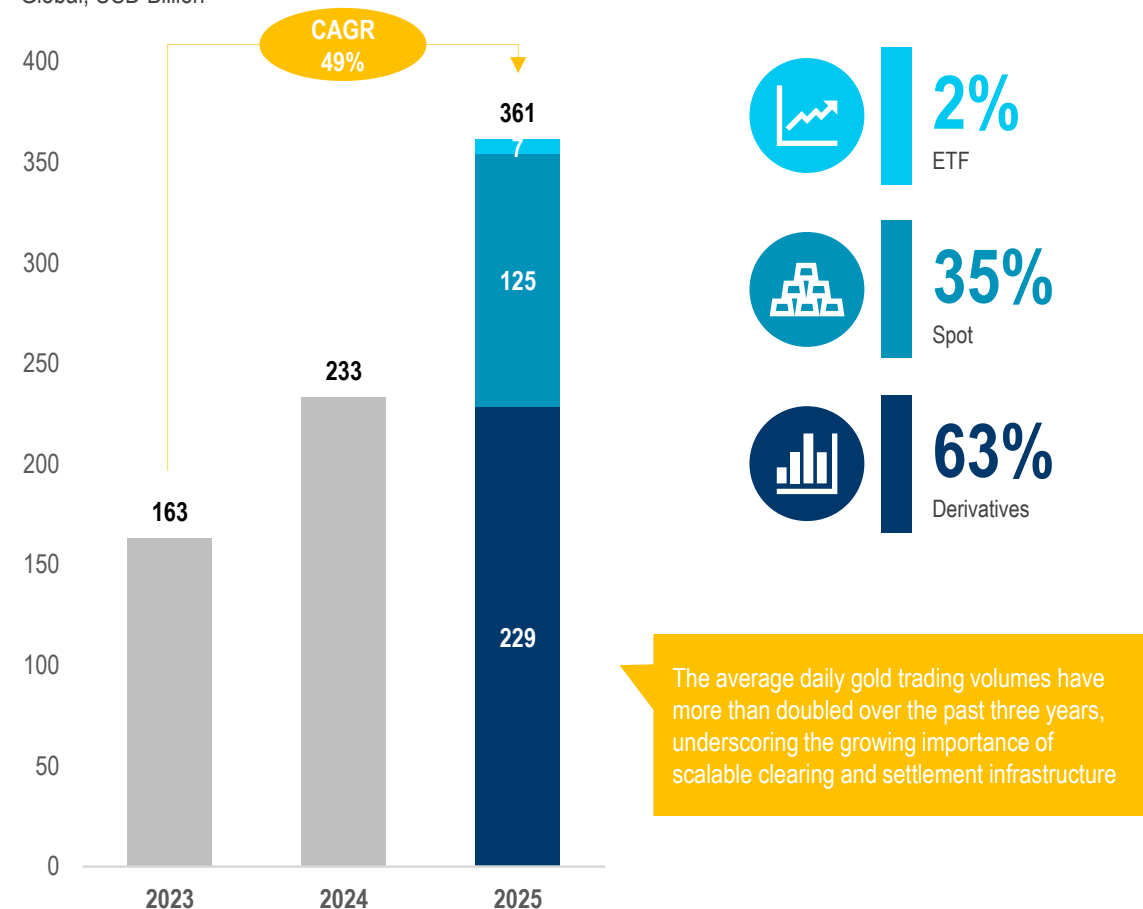
Average Daily Turnover of 99 Tael Gold

Hong Kong Gold Exchange, HKD Million



Average Daily Gold Trading Volumes

Global, USD Billion

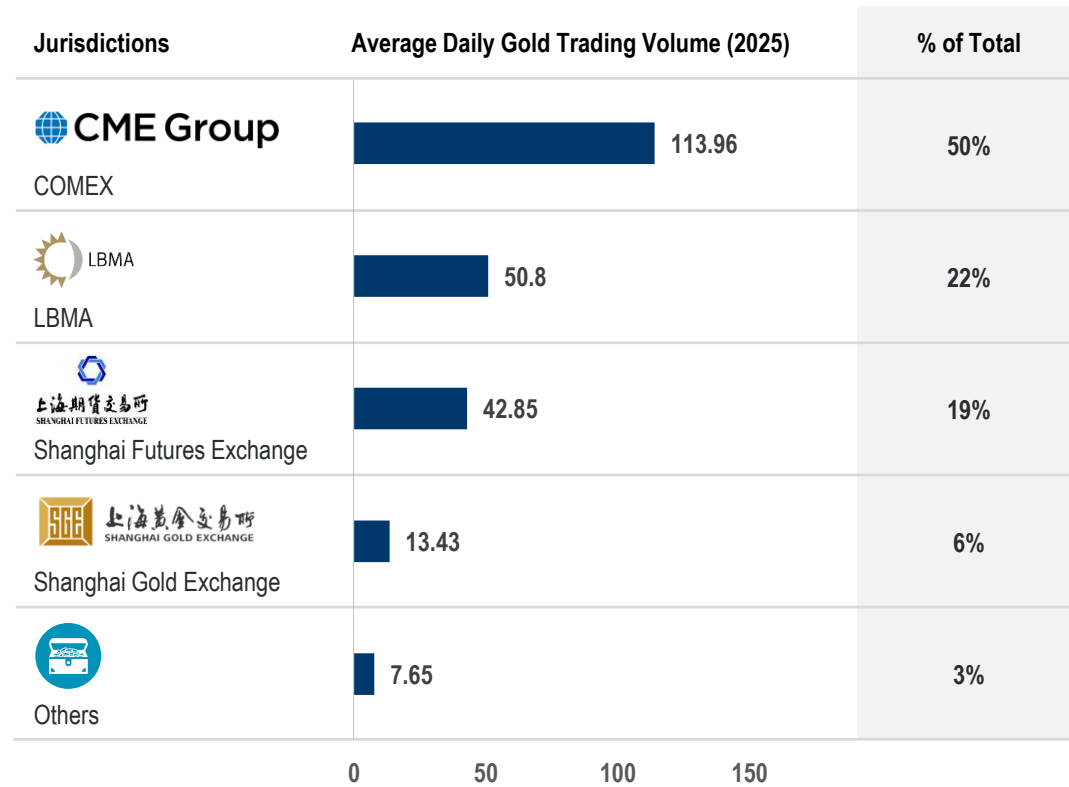


HKEX - ASIAN GOLD PRICING AND TRADING HUB

HKEX can capture a significant market opportunity by developing gold derivatives, ETFs, and clearing services that connect Asian investors with global bullion markets

Average Daily Gold Trading Volumes for Derivatives

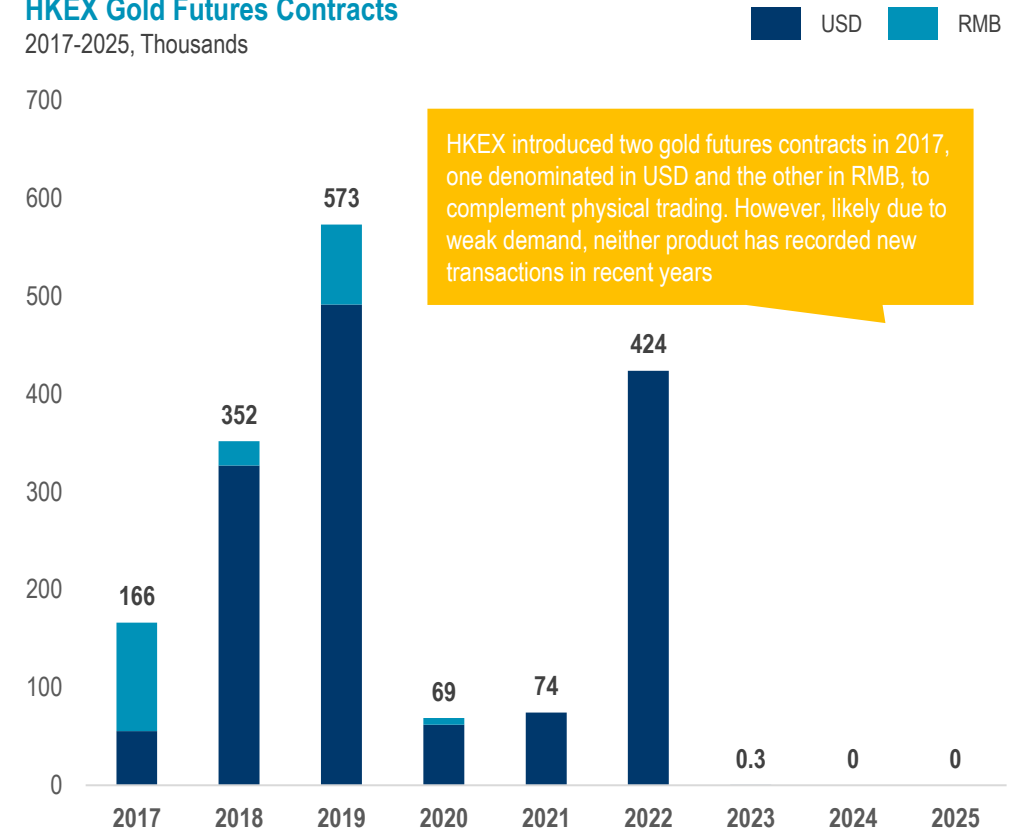
Major Exchanges, USD Billion, 2025



Global gold derivatives trading is concentrated in four highly liquid major exchanges that offer a wide range of gold derivative products

HKEX Gold Futures Contracts

2017-2025, Thousands



HKEX has strong potential to attract greater market participation and build a deeper liquidity pool for its gold derivatives

VATP - EMERGING MARKET FOR TOKENISED GOLD

Virtual Asset Trading Platforms in Hong Kong can capture emerging opportunities in tokenised gold and digital gold trading by bridging traditional commodities with the digital asset ecosystem

Market Cap of Leading Gold-Backed Tokens

XAUT & PAXG, USD Million, 2021-2026



Product Availability in HK

XAUT & HSBC Gold Token

Product	Available Time	Description
HSBC Gold Token	March 2024	The HSBC Gold Token is the only retail-focused gold token approved by the SFC ¹ . Since its launch, it has surpassed USD 1 billion in trading volume and recorded over 100,000 transactions, reflecting strong market engagement and growing adoption
XAUT	Jan 2026	HashKey has introduced XAUT on its Hong Kong-compliant trading platform, enabling gold token trading within a regulated virtual asset environment for the first time in the city. The launch expands investor access to tokenised gold and reflects increasing market interest

Benefits of Gold Tokens

Compared with Traditional Gold-backed Financial Products

 24/7 Trading Unlike traditional gold markets, tokenised gold can be traded anytime on blockchain networks	 Fractional Ownership Tokenised gold enables investors to purchase small fractions of gold, lowering the entry barrier	 No Storage Logistics Tokenised gold removes the need for investors to manage physical storage and transportation	 DeFi² Composability Tokenised gold allows holders to use it as collateral, lend it, or trade instantly
---	---	--	--

Tokenised gold products have gained increasing traction since their launch, with the two leading tokens now accounting for 96.7% of the market share of the tokenised gold market

Tokenised gold products remain limited in the HK market. Given their broader benefits, VATPs have an opportunity to explore these offerings and introduce them to HK customers

¹Securities and Futures Commission, ²Decentralised Finance











Source: CoinMarketCap, Caixin Global, Weex, Quinlan & Associates analysis

CLEARING – BROAD SPACE FOR OFFERING DEVELOPMENT

As Hong Kong seeks to establish a Central Gold Clearing System, it may consider drawing on the service offerings of established global clearing infrastructures and progressively developing a comprehensive suite of services over time

Potential Offerings

Illustrative Services for Considerations

Offerings	Description	Example
 OTC Product Clearing	Allowing privately negotiated gold forwards and swaps to be centrally cleared through the Central Gold Clearing System, reducing bilateral counterparty risk and improving capital efficiency via margining and netting	 CME Group <p><i>CME Group clears OTC London gold forwards via ClearPort, where trades are centrally cleared, margined daily, and settled through unallocated gold accounts</i></p>
 Training & Guidelines Provision	Providing clear operational guidelines, technical onboarding, and market education is critical during system launch to ensure participant readiness and smooth adoption	 LBMA <p><i>LBMA plays the guiding role by issuing market standards, documentation, and training resources that help participants align with clearing, settlement, and trading practices.</i></p>
 Vaulting & Custody Integration	Offering secure storage of physical gold in accredited vaults, including insurance, auditing, and standardised bar specifications (e.g., Good Delivery standards)	 LBMA <p><i>The LBMA sets standards for and accredits a network of London-based vaults that underpin the loco London gold market, which collectively hold a substantial share of the world's institutional gold inventory</i></p>
 Leasing & Pledging Markets	Enabling bullion holders to obtain financing or generate yield on gold holdings by using them as collateral or lending them to other market participants, thereby enhancing overall market liquidity and supporting more efficient capital utilisation	 LPMCL <p><i>In the LBMA OTC market, gold leasing transactions are typically bilateral contracts, with associated metal transfers commonly settled through the LPMCL¹ clearing system</i></p>
 International Member Services	Providing structured access for offshore participants allows global institutions to participate without a full domestic presence, increasing liquidity and internationalisation	 SGE <p><i>SGE International offers international trading, clearing and settlement services, providing an integrated marketplace that enables approved foreign participants to access China's gold market</i></p>

¹London Precious Metals Clearing Limited

SECTION 2.4

PRODUCTS & SERVICES

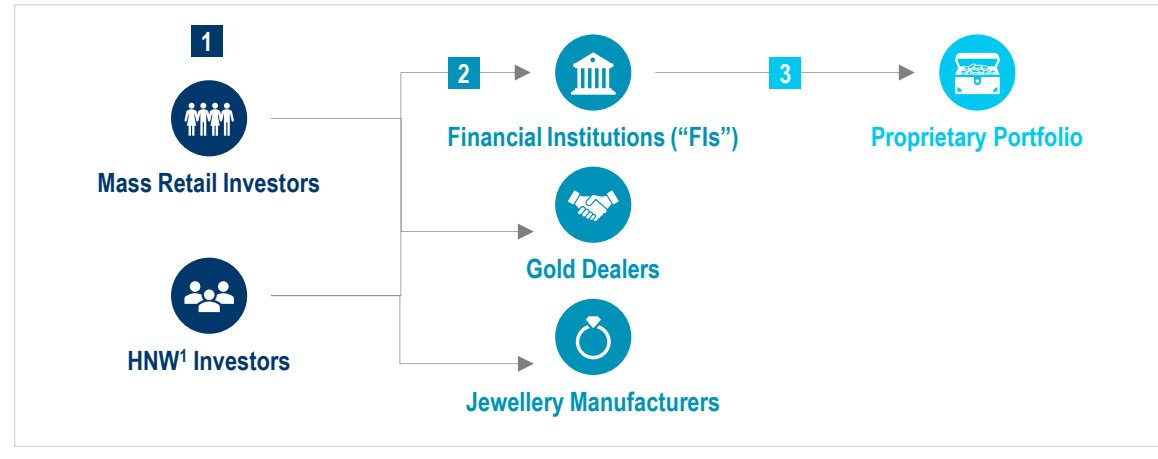


DEMAND POOL FOR GOLD

Asian wealth management clients generally view gold as a satellite holding, though Hong Kong investors have significantly increased their allocation to gold in recent years

Demand Pool for Gold

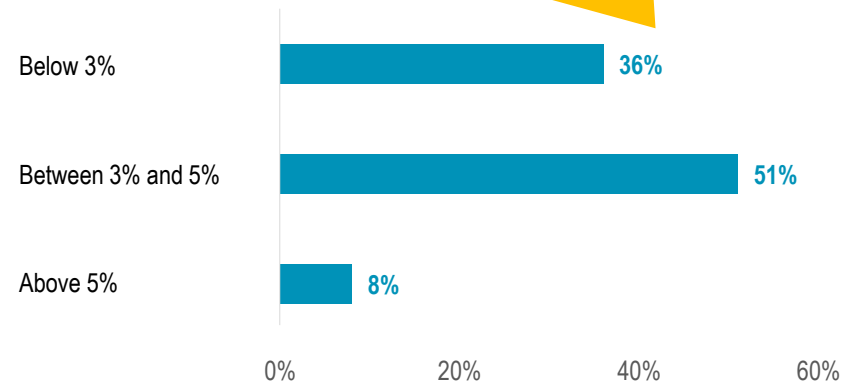
HK, Retail & Institutional Investors



Portfolio Allocation to Gold

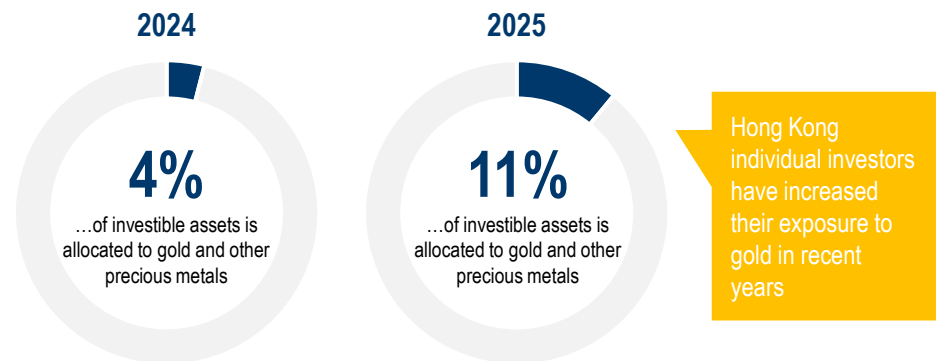
Wealth Management Clients, Asia, 2025

Gold is primarily seen as a satellite investment among Asia's wealth management clients



Portfolio Allocation to Gold & Other Precious Metals

Individual Investors with USD 100,000 to USD 2 Million Investible Assets, HK



1

Retail Investors

Retail investors may seek to invest in gold for wealth preservation and hedging against inflation and uncertainty, using different formats such as financial products, physical bullion/coins, and jewellery, typically via intermediaries (e.g., FIs, gold dealers, and jewellery manufacturers)

2

Financial Institutions (On behalf of Retail Investors)

Financial institutions may invest in gold on behalf of retail investors to provide access, diversification, and risk management solutions, typically through financial products and services that facilitate efficient and regulated exposure

3

Financial Institutions (Proprietary Portfolio)

Financial institutions may invest in gold within their own portfolios to enhance returns, diversify assets, and hedge against market and macroeconomic risks, using instruments such as physical gold and gold-linked financial products

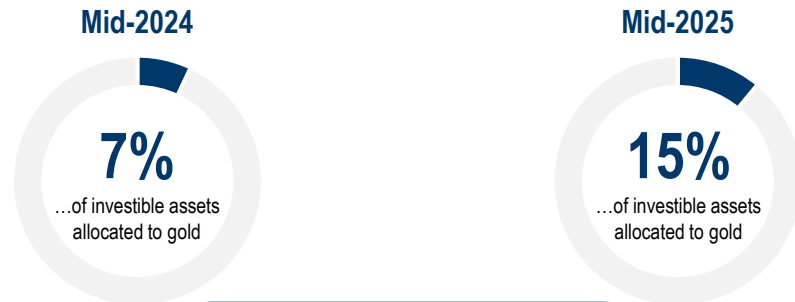
¹High-Net-Worth

CROSS-BORDER OPPORTUNITY (1/2)

Mainland investors have a stronger preference for gold and increasingly favour HK as a destination for physical gold purchases, while the expansion of Stock Connect further enhances HK's potential as a distribution hub for gold-related financial products

Portfolio Allocation to Gold

Mainland China, Retail Investors



Mainland Chinese investors have shown an even stronger preference for gold, increasing their allocation by 8%

HK as a Preferred Destination for Physical Gold Purchase

Mainland Customers



~10%

...gold price advantage in Hong Kong compared to Mainland China, as Hong Kong does not impose sales tax or value-added tax



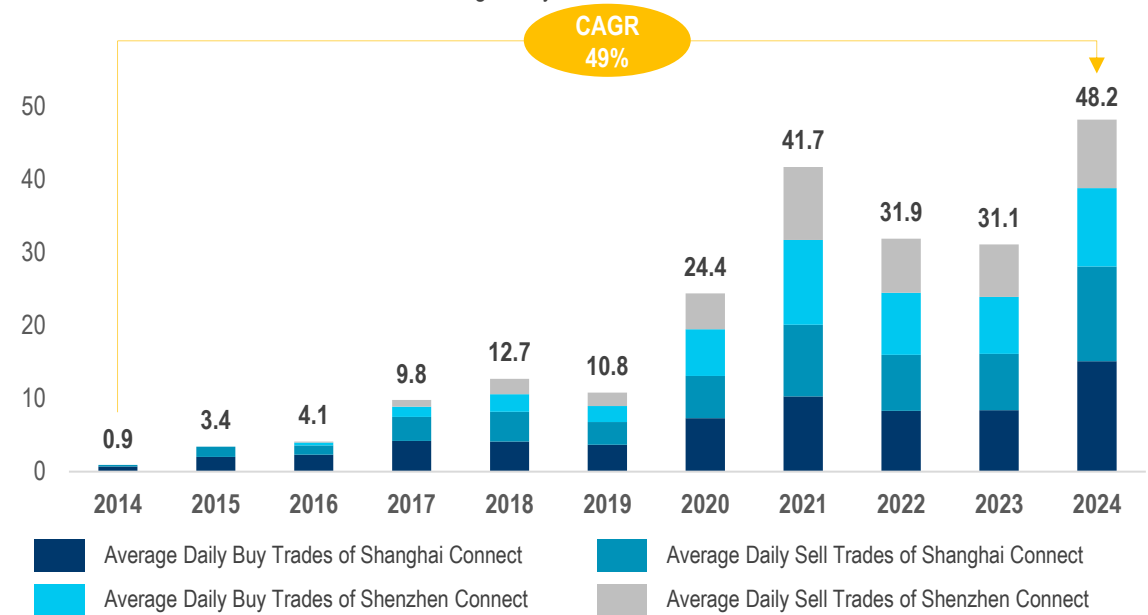
10%

...jewellery sales growth during the 2026 Chinese New Year, fuelled by a 13% year-on-year rise in visitors from Mainland China

Despite rising gold prices, Hong Kong retains a distribution advantage over the Mainland, supported by its tax regime

Success in Capital Attraction

Southbound Stock Connect, Southbound Average Daily Turnover, HKD Billion



6 Eligible ETFs Added

To Southbound Stock Connect In 2024, with the scope expansion of eligible ETFs under Stock Connect, totalling 16 ETFs in this channel

HK has successfully attracted an influx of capital from Mainland investors via Stock Connect, and the scope of eligible ETFs continues to expand, showing HK's potential for gold-related product distribution

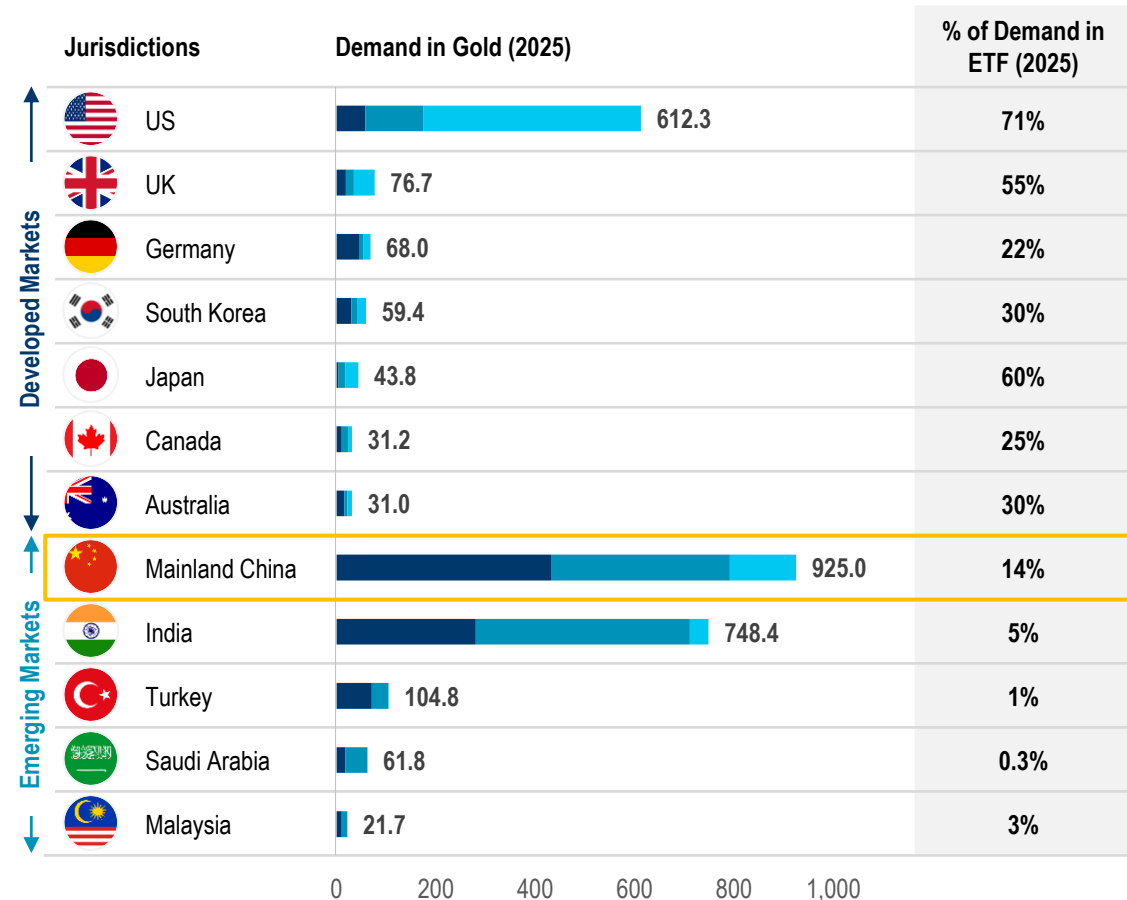
CROSS-BORDER OPPORTUNITY (2/2)

Although Mainland China has substantial gold demand that remains largely concentrated in physical formats compared with developed markets, the recent growth in ETF AUM indicates rising investor interest and strong development potential

Investment Demand for Gold

Mainland China vs. Other Jurisdictions

Bar & Coin Jewellery ETF



Growth in Gold ETF AUM

Mainland China vs. Other Jurisdictions

Jurisdictions	AUM ¹ (2021)	AUM (2025)	CAGR
Mainland China	4.4	34.6	67%
Japan	1.3	9.4	64%
India	2.4	14	55%
Turkey	0.1	0.5	50%
Australia	2.4	7.2	32%
US	100.9	279.6	29%
Hong Kong	0.2	0.5	26%
Canada	4.4	10.6	25%
Switzerland	21.9	50.6	23%
South Africa	1.1	2.4	22%
UK	42.2	86.2	20%
Germany	23.7	44.8	17%

¹Assets Under Management

Source: World Gold Council, Quinlan & Associates analysis

PRODUCT OFFERINGS

Expanding gold investment products can unlock multiple fee pools across asset management, trading, and financing businesses for Hong Kong financial institutions; with several products currently not offered locally, this creates a clear opportunity

Benchmarking Analysis

Gold Products in HK

✓✓ Directly Provided
 ✓ Access via Trading Platform
 * Not Provided
 □ Key Gaps

	Established Products				Emerging Products		
	Physical Gold	Paper Gold	Gold Funds	Gold Futures	Gold Tokens	Gold Bond	Gold Debit Cards
Banks							
恒生銀行 HANG SENG BANK	✓✓	✓✓	✓✓	✓	*	*	*
HSBC	*	✓✓	✓	✓	✓✓	*	*
中國銀行(香港) BANK OF CHINA (HONG KONG)	✓✓	✓✓	✓	✓	*	*	*
Asset Managers							
恒生投資 HANG SENG INVESTMENT	*	*	✓✓	*	*	*	*
BlackRock	*	*	✓✓	*	*	*	*
CSOP 南方 ASSET MANAGEMENT 東英	*	*	✓✓	✓✓	*	*	*
Brokers							
PRESTIGE 天豐國際	✓✓	*	*	*	*	*	*
英皇金業有限公司 Emperor Bullion Limited	✓✓	*	*	*	*	*	*

Gold Product Opportunity

Emerging Gold Products in Other Jurisdictions

Gold Tokens

Tether Group issued Tether Gold tokens in 2020, each backed 1:1 by physical gold in Swiss vaults, reaching a market capitalisation of USD 2.67 billion in April 2026

Gold Bond

Turkey launched its gold-backed government bonds in 2017, and by 2024, annual collections through the bonds had grown to 48.5 tons of gold

Gold Debit Cards

GLINT offered a gold-backed debit card in 2017, allowing users to buy, hold, and spend allocated gold, with 210 countries and territories accepting the card

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STRATEGY WITH A DIFFERENCE

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