

Addendum

This Addendum supplements the Foreign Exchange Product Disclosure Statement of **KVB Trading (Hong Kong) Limited** (“PDS”). This Addendum outlines information on the Foreign Exchange Forward services offered to you.

Save as amended by this Addendum, the terms of the PDS shall continue in full force and effect and the PDS and this Addendum shall be read and construed as one instrument.

Forward Foreign Exchange Transactions

KVB Trading (Hong Kong) Limited (“KVB”) will only write / enter into Foreign Exchange Forward Transactions for Commercial clients who have a requirement to exchange currencies at some time in the future, but would like to know now what the exchange rate will be at the time the two currencies need to be exchanged. This will eliminate the risk and uncertainty associated with adverse currency movements. Foreign Exchange Forward contracts are generally used by exporters and importers who are looking to lock into an exchange rate in order to hedge their future foreign currency cash flows. Contracts can be written for a period of 3 business days up to a maximum period of 6 months.

For example, an importer purchasing 1,000 units at a price of USD 1,000 per unit in 3 months time, could enter a foreign exchange forward transaction today against their local currency, and agree an exchange rate that will be applicable in 3 months time. Some call this a “Buy now pay later” scenario, as opposed to a spot transaction which could be considered to be a “Buy now pay now” scenario.

A foreign exchange forward contract will provide the importer with contractual and budgeting certainty, as they will know how much they will need to pay in their local currency on the settlement date in 3 months time, irrespective of any adverse movements in the market that may occur until the contract matures.

Example:

Current spot exchange rate USD/CNH = 6.38125

Three month forward premium = 0.0318

All up forward exchange rate = 6.41305

In this example, the forward exchange rate for USD/CNH reflects the fact that interest rates are currently higher in China than the United States of America so the forward will trade at Premium the spot rate.

Note: KVB Trading (Hong Kong) Limited may, at their discretion, allow a rollover (extension) of a Foreign Exchange Forward Contract after the original value date under the client can provide documents to prove the rationale for the rollover. If delivery is not performed after this period, KVB Trading (Hong Kong) Limited will close out the contract at the Mark to Market rate and all costs and / or losses (if applicable) are payable by the client.

Pre-payment

The Client shall pay a specified percentage of the notional amount of the relevant FX Forward Transaction or such specific amount specified by KVB in the payment currency to KVB as pre-payment for the Customer’s payment obligations, not later than by such date and time stipulated by KVB. With the balance of the notional amount of the relevant FX Forward Transaction, the Client shall pay it to KVB in the payment currency on the FX Forward Expiry Date. The amount and the payment currency

will depend on each FX Forward Transaction term.

Example:

Client Buy 3 months Forward USD/CNH at rate 6.41305;

Notional amount: USD 1,000,000 VS CNH 6,413,050;

Assume the required pre-payment is 5% of Notional amount,

Pre-payment: CNH 320,652.50;

Final payment on FX Forward Expiry Date: CNH 6,092,397.50;

KVB remit USD 1,000,000 to the Client's designated bank account upon receipt of CNH Final payment.

Document Proof on the Underlying Trade Transaction

The FX Forward Transactions offered by KVB Trading (Hong Kong) Limited is genuinely and wholly referable to international trade-related purchase order(s) and trade invoice(s) conducted by the Client using the remittance services offered by KVB Trading (Hong Kong) Limited; the notional amount of the relevant FX Forward Transaction matches the transaction amount of the corresponding Underlying Trade Transaction.

The Client is required to provide the relevant documents, evidence and information (including but not limited to purchase order(s) and trade invoice(s) of the Underlying Trade Transaction corresponding to an FX Forward Transaction) as may be reasonably requested by KVB, not later than 2 Business Day(s) before the relevant FX Forward Transaction booking date.

KVB would decide to proceed with the FX Forward Transaction after KVB has conducted the relevant customer due diligence and is satisfied that the FX Forward Transaction is genuinely and wholly referable to the Underlying Trade Transaction.