

## **Soft Corporate Offer**

Tuesday, 25th October 2020

We, XXX Ltd with full corporate authority and legal responsibility, hereby attest that we are ready, willing and able to enter into a contractual agreement for supply of Bullion under the agreed terms and conditions. If accepted, the seller will send their own SPA.

We agree with the seller's procedures as stated below subject to email statement that:

### **TERMS & CONDITIONS**

Commodity	: AU Metal Gold in Bar Form
Size	: 1Kg/Bar
Age	: Less than 5 years
Quantity	: 2,000MT per month for 60 months with Rolls and Extensions
Hallmark	: Internationally Acceptable
Purity	: 999.5/1000 fineness or better
Price	: The Second Fixing LBMA
Discount	: Gross 11%, Net to Buyer 8% based on Second Fixing LBMA
Commission	: 1.0% for Seller's side, paid from Seller's Account(CLOSED) : 2% for Buyer's side, paid from Buyer's Account (OPEN)
Delivery	: FOB Hong Kong
First Lift	: 200 MT (see Appendix B) roll and extension
Subsequent lifts	: To be mutual agreed (see the delivery schedule attached)
Transaction Currency	: USD/EURO/HKD/CNY
Payment Mode	: Bank to Bank Basis, ledger to ledger – Swiss Procedures

## TERMS AND CONDITIONS

### 1. COMMODITY

- a. 1 Kilogram and 12.5 Kilogram Gold Bars (Au Metal) of Gold Standard.
- b. Minimum Fineness of 999.5 parts per thousand of Fine Gold, or above.
- c. Age under Five (5) years old.
- d. Hallmark—Internationally recognized Hallmarks (Johnson and Matthey).
- e. Origin—South Africa/Australia and other.
- f. Storage—Warehouse in Hong Kong under insurance.
- g. Warranty—Au Metals confirmed by the Seller to be freely tradable and exportable worldwide.

### 2. DOCUMENTS

The Transaction should be accompanied with the documents as follows:

- Certificate of Origin
- Certificate of Weight List
- Certificate of Ownership
- Certificate of Assayer Report (less than 5 years old)
- Safe Keeping Receipt (SKR)
- Custom Clearance
- Commercial Invoice
- Packing List
- Export permit/Export License
- Seller's declaration that all duties, charges, taxes and other relevant authorities are paid and Au Metal free of any liens, taxes and encumbrances of any kind at Delivery.

### 3. LOCATION

Seller's security warehouse in Hong Kong

### 4. QUANTITY

Contractual QTY: 2,000 MT (Two Thousand Metric Tons), with rolls and extensions.

## 5. PURCHASE PRICE

The agreed purchase price is the quoted price in USD or EUR on the previous earlier one (1) Day of Market Opening Day of every Transaction as set by the "London Bullion Market Association" Second Fixing Price (pm) for Gold Bullion (AU)

## 6. CONSULTANCY FEES PAYABLE BY SELLER

The Consultancy and management Fees of three percent (3%) shall be to the mandates and intermediaries whom are responsible for the communication and negotiation, payable as per the terms and conditions of the FCO and Irrevocable Master Fee Protection Agreement (IMFPA) attached.

## 7. DISCOUNT

- a. Gross: 11.00 % (Eleven percent)
- b. Net to Buyer: 8.00 % (eight percent)
- c. Net to Buyer's side: 2.00 % (two percent)
- d. Net to Seller's side: 1.00% Closed

## QUALITY & SPECIFICATIONS OF THE PRODUCT:

The commodity shall be corresponding as per inspection certificate issued by SGS/BV at port of loading confirming that the commodity meets the following specifications:

- Certificates Certificate of Ownership Certificate of Origin
- Certificate of Assay
- Tally Sheet per Certificate
- Warehouse Receipt
- Certificate of Insurance Coverage LBMA
- EDT

## **PROCEDURES**

### A. LOI

Buyer responds by sending to the Seller a Legally Binding, Letter of Intent (LOI) confirming that the Buyer is Ready, Willing & Financially Able (RWA) to complete the transaction. Seller will provide the Draft FCO (Sales and Purchase Agreement) after positively confirming the Buyer's LOI.

### B. DRAFT FCO

Both parties shall agree and accept on the Draft FCO electronically. Thereafter, Seller and Buyer shall

within five (5) Banking days arrange for an agreed date to meet face to face to sign the Four Original Hard Copies of the FCO.

C. Thereafter, within Five (5) Banking days, the Seller and Buyer should each lodge One Original Hard Copy of the signed FCO to their respective Bank Officer in HSBC Head Office.

Buyer shall immediately notify Seller via email after their complete lodging of the One Original Hard Copy of the signed FCO.

D. Thereafter, Buyer's Bank Officer shall provide the Proof of Fund (POF) in amount of USD 500 M or equivalent to Seller's Bank Officer for verify fund, and on the same time the copy must be sent to the seller via the Buyer.

E. Thereafter, Seller's Bank officer verify fund (POF), and positively confirm the POF. After that, the Seller's Bank officer shall immediately send the certified true copy of the SKR and another 9 (nine) documents to the Buyer's Bank Officer for verifying product (POP).

F. After positively verified the POF and POP, the Seller's Bank Officer shall then send the Invitation Letters to all parties (Seller, Buyer and Buyer's Bank Officer) for the TTM (Table Top Meeting) at HSBC Head Office, Hong Kong, for negotiate to buy & sale and delivery the AU.

G. Buyer Group (Buyer/Mandate/Buyer's Bank Officer) all go to Seller's warehouse in Hong Kong for the physical inspections of the gold bars. Buyer shall arrange for their own Assayers to the Seller's warehouse to conduct the physical inspection.

H. Seller's Bank Officer shall transfer the Ownership of the Gold Bullions (AU) to Buyer's name for the quantity of each tranche.

I. Buyer shall instruct the Buyer's Bank Officer to make the funds release Ninety Two Percent (92%) in full to Seller's bank account by Swift MT 103 or Ledger to Ledger and Seller shall simultaneously instructs Seller's Bank Officer guarantee to make the payment of all Consultancy and Management Fees Three Percent (3.0%) to the paymaster accounts in accordance with the signed and agreed NCND/IMFPA and referring to the Point 6 as above.

J. Buyer takes the delivery of the quantity of each tranche from the Seller's security warehouse in Hong Kong.

K. The tranche shall be considered lifted when step 8 is completed. Applicable procedures from

L. G to STEP J shall be repeated until the contractual Quantity is fulfilled.

M. Buyer/Buyer mandate and Seller/ Seller mandate will give a promise that they will abide by the FCO. Both parties are willing to pay two Percent (2%) penalty fee of the products price in case that any of the parties breach the agreement until they cannot proceed on the FCO specified in the 4. Quota permits FCO of each tranche.

Both parties agree to maintain the confidentiality of this SCO secretly for five (5) years from the date of SCO.

All parties, together with the witnesses have read and understood the SCO, hereby sign the FCO as follows: