



KVB Kunlun
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18 February 2009

INVESTMENT BROKER'S DISCLOSURE STATEMENT

KVB Kunlun New Zealand Limited has been operating since 2001. It forms part of the KVB Kunlun Holdings Limited Group of Companies. KVB Kunlun provides physical and margin Foreign Exchange, and Securities dealing to private investors, trusts, partnerships, institutions, corporates and financial intermediaries.

KVB Kunlun is an Authorised Futures Dealer – On Exchange and Off Exchange, pursuant to the Securities Markets Act 1988, is a Licenced Sharebroker pursuant to the Sharebroker's Act 1908 and is an NZX Advising Firm and NZX Futures and Options Firm. KVB Kunlun is regulated in New Zealand by the Securities Commission* and the New Zealand Exchange (NZX).

1. INVESTMENT ADVISER'S DISCLOSURE STATEMENT

To the extent that KVB Kunlun may agree in writing to give you advice, in accordance with clause 3.1 of Part A of Section 2 of KVB Kunlun's Client Services Agreement, the following additional disclosures are also required under the Securities Markets Act 1988:

(a) Types of products covered by KVB Kunlun's advisory services

KVB Kunlun provides trading in Off Exchange Contracts, including Margined Foreign Exchange Contracts, Margined Contracts for Difference and Futures or Options Contracts. More information about these contracts is available in the relevant Product Disclosure Statements, which you are encouraged to read before beginning to trade. KVB Kunlun also offers dealing in Securities and in Exchange Traded Contracts.

As stated in clause 10.8 of Part A of Section 2 of KVB Kunlun's Client Services Agreement, advice may only be given in respect of funds paid to KVB Kunlun for the purpose of investment.

(b) Pecuniary Interests

The advisory services of KVB Kunlun are provided by authorised personnel and are provided only for clients of KVB Kunlun. KVB Kunlun advisers may benefit by providing client advice where such advice leads to the Client giving KVB Kunlun orders for execution for which KVB Kunlun charges the Client fees. Advisers are not authorised to advise on securities where they have personal investments or interests without disclosing this fact to clients before providing such service.

(c) Professional Indemnity Insurance

KVB Kunlun carries professional indemnity insurance from American International Underwriters Ltd under a group policy for KVB Kunlun Holdings Limited and its subsidiaries covering money exchange and remittances, securities trading and dealing in leveraged Forex and CFDs. The policy is current for the period 1 December 2008 to 1 December 2009 and is renewed on an annual basis with leading insurance houses.

(d) Professional body

KVB Kunlun is a member of the following professional bodies:

- NZX Advising Participant.
- NZX Futures and Options Participant
- New Zealand Financial Markets Association.

*The Securities Commission's role in authorizing futures dealers is limited and does not imply approval or endorsement of the business, trading or solvency of the company; and the Securities Commission has not approved the "Clients Services Agreement" or any disclosure documents of the company.

2. CRIMINAL CONVICTIONS AND RELATED MATTERS

Pursuant to the Securities Markets Act 1988, KVB Kunlun declares that during the 5 years preceding the date of giving investment advice or receiving investment money or investment property neither KVB Kunlun, its directors, nor investment advisers have been:

- i) convicted of an offence against the Securities Markets Act 1988, the Securities Act 1978 or a crime involving dishonesty (as defined in Section 2(1) of the New Zealand Crimes Act 1961); or
- ii) a director or principal officer of a body corporate at the time when that body corporate committed one of these offences; or
- iii) adjudicated bankrupt; or
- iv) prohibited by an Act or by a court from taking part in the management of a company or a business; or
- v) the subject of an adverse finding by a court in any proceeding that has been taken against them in their professional capacity; or
- vi) expelled from or prohibited from becoming a member of any professional body.

At no time has KVB Kunlun ever been placed in statutory management or receivership.

In addition, if any staff at KVB Kunlun gives you investment advice, you should also receive an Investment Advisers Disclosure Statement setting out their relevant qualifications, experience as an investment adviser, absence of any criminal convictions and any fees that may be charged for the advice given.

3. PROCEDURES FOR HANDLING MONEY AND PROPERTY

(a) How to pay money to KVB Kunlun

At present, deposits to Client Accounts in the On-Line Trading Facility may be in USD only. Details of Bank Accounts for Physical Foreign Exchange and Securities are available from KVB Kunlun on request. Money may be transferred to a Client Account with KVB Kunlun in any of the following ways:

(i) Telegraphic Transfer

USD can be transferred directly to the segregated Client Bank Account at HSBC Bank Australia Limited, Sydney.

Account Number: 011-283868-159

Swift code: HKBAAU2S

Under KVB Kunlun New Zealand Limited – Client Bank Account

Once the deposit has been made, the Client should forward a copy of the deposit/transfer slip to KVB Kunlun so that it can be recorded in the Client Account.

(ii) Other currencies

Other currencies can be paid by cheque made out to KVB Kunlun or deposited to the appropriate bank account below. On receipt of a copy of the deposit/transfer slip and confirmation by KVB Kunlun that cleared funds are in their account, KVB Kunlun will assist the Client to exchange the funds to USD at the current exchange rate (as agreed between KVB Kunlun and the Client) and the USD equivalent amount will be deposited to the segregated client bank account.

<p>New Zealand Dollar (NZD) Bank Name: HSBC Bank Australia Limited, Sydney Beneficiary: KVB Kunlun New Zealand Limited – Client Bank Account Account Number: 011-283868-901 SWIFT Code: HKBAAU2S</p>	<p>Australian Dollar (AUD) Bank Name: HSBC Bank Australia Limited, Sydney Beneficiary: KVB Kunlun New Zealand Limited – Client Bank Account Account Number: 011-283868-163 SWIFT Code: HKBAAU2S</p>
<p>Hong Kong Dollar (HKD) Bank Name: HSBC Bank Australia Limited, Sydney Beneficiary: KVB Kunlun New Zealand Limited – Client Bank Account Account Number: 011-283868-902 SWIFT Code: HKBAAU2S</p>	<p>Japanese Yen (JPY) Bank Name: HSBC Bank Australia Limited, Sydney Beneficiary: KVB Kunlun New Zealand Limited – Client Bank Account Account Number: 011-283868-900 SWIFT Code: HKBAAU2S</p>
<p>Canadian Dollar (CAD) Bank Name: HSBC Bank Australia Limited, Sydney Beneficiary: KVB Kunlun New Zealand Limited – Client Bank Account Account Number: 011-283868-903 SWIFT Code: HKBAAU2S</p>	<p>British Pound (GBP) Bank Name: HSBC Bank Australia Limited, Sydney Beneficiary: KVB Kunlun New Zealand Limited – Client Bank Account Account Number: 011-283868-160 SWIFT Code: HKBAAU2S</p>
<p>Euro (EUR) Bank Name: HSBC Bank Australia Limited, Sydney Beneficiary: KVB Kunlun New Zealand Limited – Client Bank Account Account Number: 011-283868-904 SWIFT Code: HKBAAU2S</p>	<p>Swiss Franc (CHF) Bank Name: HSBC Bank Australia Limited, Sydney Beneficiary: KVB Kunlun New Zealand Limited – Client Bank Account Account Number: 011-283868-914 SWIFT Code: HKBAAU2S</p>
<p>Singapore Dollar (SGD) Bank Name: HSBC Bank Australia Limited, Sydney Beneficiary: KVB Kunlun New Zealand Limited – Client Bank Account Account Number: 011-283868-905 SWIFT Code: HKBAAU2S</p>	

Cheque

Clients in New Zealand and Australia can provide NZD or AUD denominated cheques respectively. Once the cheque has been cleared, KVB Kunlun will credit the Client Account in the On-Line Trading Facility with the USD equivalent amount (at the current exchange rate as agreed between KVB Kunlun and the Client).

(iii) Cash

Cash can be accepted up to a limit of USD10,000 equivalent and can be received either in USD or in other currencies which KVB Kunlun will exchange to USD, at a rate agreed between the Client and KVB Kunlun.

(iv) Client property

Client property other than money may not be accepted without the Client first obtaining KVB Kunlun's written approval. The authorisation letter will provide transfer instructions.

(b) Money and property held in segregated client bank accounts

Client money or property received by KVB Kunlun will be held in segregated client bank account(s) for the client, and will be so held until it is disbursed or distributed in accordance with the provisions of KVB Kunlun's Client Services Agreement or as permitted by the Futures Industry (Client Funds) Regulations (1990). KVB Kunlun does not operate a separate client trust account.

(c) Records

The following records that relate to client money and property are kept by KVB Kunlun:

- Books of accounts
- Client statements
- Client details
- Records of activities
- Instructions received from clients
- Trades executed
- Brokerage fees charged

Accounting and dealing records are kept for at least seven (7) years. The records of telephone and internet conversations may be kept for one (1) year. A request for a copy of any or all of the above records must be made to KVB Kunlun in writing, by way of a medium acceptable to KVB Kunlun such as fax, mail or email. Clients will receive a copy of the records by fax, mail, or through an electronic medium. There is no charge for the issuance of duplicate statements forwarded by electronic medium. If, where applicable, original hard copies are required or if the Client requests a copy of any telephone conversation that KVB Kunlun is able to provide a copy of, KVB Kunlun will provide a quote for the reasonable costs incurred by it in providing that copy. Once the Client has accepted the quote, KVB Kunlun will duly provide the copy.

(d) Auditor

The records of client money and property received, held and disbursed or distributed, will be audited at least twice a year by the Compliance Reporter as required by the Securities Commission and by NZX Compliance.

KVB Kunlun has appointed the following person to act as its Compliance Reporter:

PricewaterhouseCoopers

(e) Use of money or property

The client consents to KVB Kunlun and any associate of KVB Kunlun earning interest, fees or commissions in connection with any of the client's cash deposits in the ordinary course of its business.

Money held on behalf of clients may be used as margin for trading activities and any related costs, charges, expenses or commissions relating to such trading activities, as per the relevant Client Services Agreement entered into by the client or in terms of the client's instruction.

It is to be noted that:

- i) KVB Kunlun may deal as principal on its own account and take the opposite position to any order or transaction of the Client; and
- ii) pursuant to the staff dealing policies of KVB Kunlun, KVB Kunlun 's directors, employees, persons and associated entities may be allowed to trade on their own account.

In addition, the client's attention is drawn to the fact that when KVB Kunlun enters into a transaction for the client, KVB Kunlun and its associated entities or other persons connected with KVB Kunlun, may have a material interest in the transaction, contracts or services provided to the client that is in conflict with the interests of the client and the client agrees that KVB Kunlun and its associates or other persons connected to KVB Kunlun, shall not be obliged to account to the client for any resulting profit made. However, KVB Kunlun's employees are required to comply with a policy of independence and disregard any such interest or conflict of interest when entering into a transaction for the client.

4. CREDIT INTEREST AND FEES CHARGED

(a) Credit Interest

KVB Kunlun does not pay interest to clients on their free margin. This is subject to change by written notice from KVB Kunlun to the Client.

If KVB Kunlun did pay interest then KVB Kunlun is obliged to deduct withholding tax from the interest amounts paid to clients. The amount of interest credited to your account will therefore be the net amount after tax has been paid.

(b) Fees and Charges

(i) Swap

Clients dealing in margined Contracts will be liable for interest charges (usually called "swap") on all open positions. It is charged when the open positions are rolled over, which is at 10.00am New Zealand Standard Time (NZST) and 11.00am during New Zealand Daylight Saving Time (NZDT). This interest is automatically debited or credited to the Client's account. Swap is the net amount of the interest that the Client receives for the notional amount of the currency that the Client is buying ("long") and the interest that the Client pays for the notional amount of currency that the Client is selling ("short"). If the Client has a position where they are selling a currency with a higher interest rate than that of the currency they are buying, they will need to pay the interest rate difference. Conversely, if the Client has a position where they are selling a currency with a lower interest rate than that of the currency they are buying, they will receive the interest rate difference. If a Client opens and closes a position within the same day and does not have an open position at the time that positions are rolled over, they will not be subject to swap. Interest rates for different currencies may change without notice and for a variety of reasons, including without limitation as a result of announcements by central governments that they are changing their interest rates. Clients may check KVB Kunlun's website www.kvbkunlun.com at any time for the current rates.

(ii) Standard Accounts

KVB Kunlun does not charge any transaction or advisory fees for trading in Margin FX Contracts on a standard account.

(iii) Mini Accounts

If the Client chooses to open an FX Mini Account, the following fees are payable, in addition to any charges that may be applicable under clauses (i), (vi), (vii) and (viii) of this 2(b):

Commission:	USD2 per 0.1 lot round turn (charged when a position is opened; no commission is charged when closing positions)
Fund Withdrawal Fee:	USD10.

(iv) Securities Trading

Clients trading Securities will be subject to the following fees:

Brokerage fee:	Maximum of 1% of the trade value, or a lower amount by negotiation.
Contract Note fee:	\$6 per Contract Note issued
Trade fee:	Trade fees vary according to the Exchange on which Securities are traded

(v) Introducing Broker Commissions

Clients who have been introduced to KVB Kunlun by another firm may be charged commissions by that other firm. These are not charged by KVB Kunlun and the other firm is responsible for disclosing these fees to their clients.

(vii) Currency Exchange Fees

Where a client deposits money to KVB Kunlun in a currency other than USD, and KVB Kunlun's standard currency exchange and Telegraphic Transfer charges apply.

(viii) Default Interest

In an Event of Default (as defined in clause 10 of part B of Section 2 of KVB Kunlun's Client Services Agreement), interest may be charged on any unpaid amount at the Default Rate (as defined in clause 13.2(e) of Part A of Section 2).

5. ENQUIRIES, COMPLAINTS & DISPUTES

(i) Enquiries or Complaints

If any Client wishes to make enquiries about any of KVB Kunlun's products or services, or wishes to raise a complaint, they should in the first instance, contact the Margin Sales Department or the Securities Division (depending on the nature of the enquiry) using the contact details provided below.

KVB Kunlun New Zealand Limited Level 10, The National Bank Tower 205 Queen Street PO Box 105438 Auckland City New Zealand Phone: +64 9 359 8988	KVB Kunlun Pty Limited Level 18, Citigroup Centre 2 Park Street Sydney NSW 2000 Australia Au Toll Free: 1300 668 120	KVB Kunlun Pty Limited Level 51 101 Collins Street Melbourne VIC 3000 Australia Au Toll Free: 1300 668 120
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KVB Kunlun endeavours to quickly and satisfactorily resolve the complaint, but in the event that the Client is not satisfied, they may address their complaint in writing to:

The Compliance Manager
KVB Kunlun New Zealand Limited
Level 10, The National Bank Tower
205 Queen Street
PO Box 105438
Auckland, New Zealand
Phone: +64 9 359 8988

KVB Kunlun is regulated by the Securities Commission and the New Zealand Exchange (NZX). If the Client is not satisfied with KVB Kunlun's response to their complaint, they may contact either of these regulators directly at the following addresses:

Securities Commission of New Zealand
8th Floor, Unisys House
56 The Terrace
PO Box 1179
Wellington

Phone: +64 4 472 9830

Fax: +64 4 472 8076

Email: seccom@seccom.govt.nz

NZX

Level 2, NZX Centre

11 Cable Street

PO Box 2959

Wellington

Phone: +64 4 472 7599

Fax: +64 4 496 2893

Email: info@nzx.com

Australian clients should refer to the Financial Services Guide (FSG) for more information on KVB Kunlun's complaint resolution processes.

(ii) Dispute Resolution

If any dispute arises between the Client and KVB Kunlun, both parties shall endeavour to resolve the dispute through good faith negotiations. If the parties are unable to resolve the dispute, the matter will be referred to and determined by the arbitration of a single arbitrator, if the parties can agree upon one within 14 days of the decision to refer the matter to an arbitrator, or, failing such agreement, by two arbitrators (one to be appointed by KVB Kunlun and one by the Client) and otherwise the arbitration will be conducted in accordance with the Arbitration Act 1996.