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RBD PALM OLEIN FUTURES AND OPTIONS

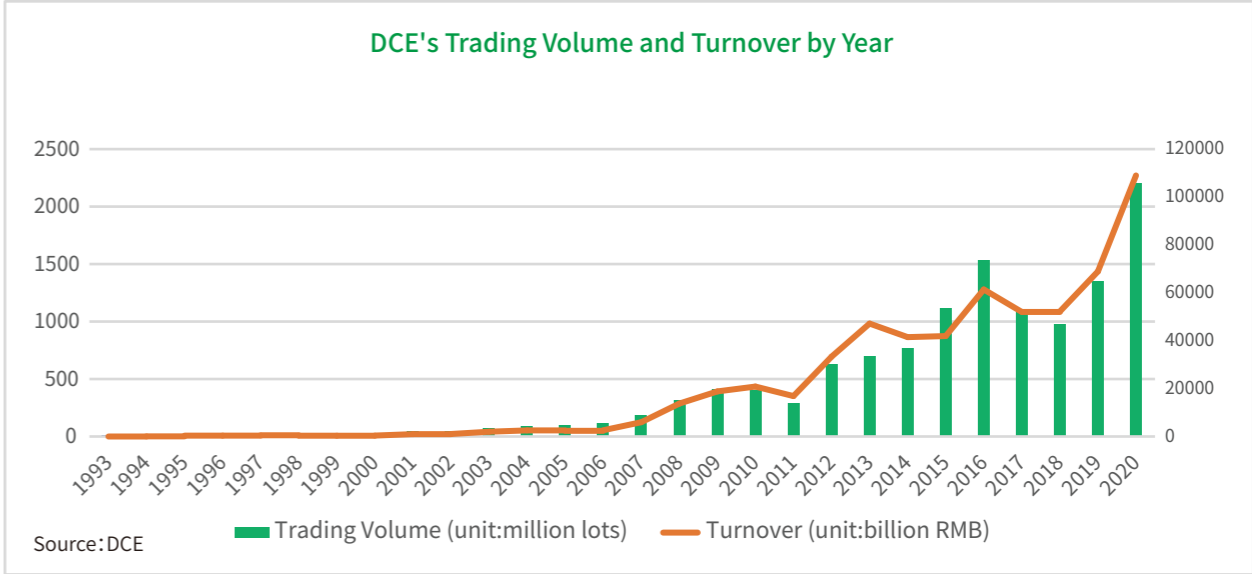
JUNE 2021



Dalian Commodity Exchange(DCE)

Established in 1993, Dalian Commodity Exchange (DCE) is one of the five futures exchanges under the supervision and administration of the China Securities Regulatory Commission (CSRC) upon approval of the State Council. Currently DCE has 21 listed futures and 8 options approved by the CSRC. DCE futures products cover agricultural, petrochemical, energy and metal sectors, serving several important industries in China’s national economy.

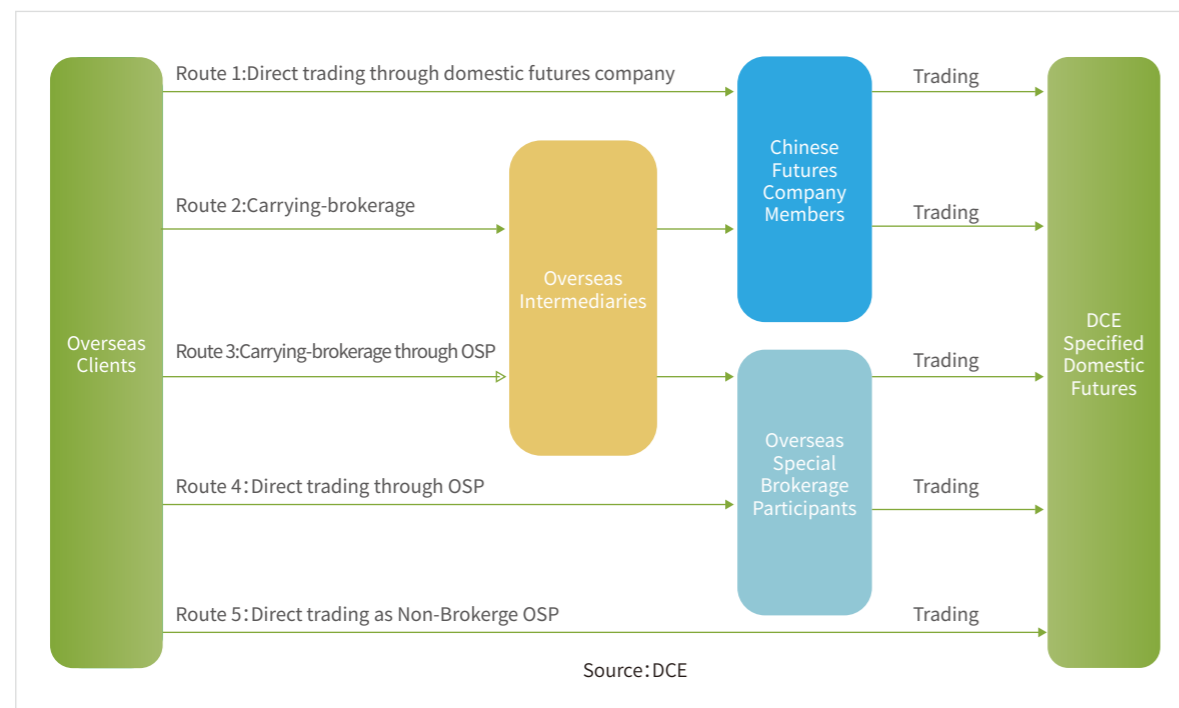
The Dalian futures market helps in price discovery and risk management for market participants and facilitates the development of related industries. In 2020, DCE was ranked 7th by the Futures Industry Association (FIA) in terms of total trading volume.



Opening-up

Since introducing overseas investors into its iron ore futures in May 2018, DCE has been devoted to open up more products to overseas investors. Currently overseas investors could have access to iron ore futures, RBD palm olein futures and RBD palm olein options in DCE.

DCE provides direct access to overseas investors where overseas futures brokers and proprietary traders could apply for **Overseas Special Participants**. Besides, overseas investors could also open accounts either through DCE futures company members directly or through sub-delegation channel where they have access to DCE futures company members via registered overseas brokers.



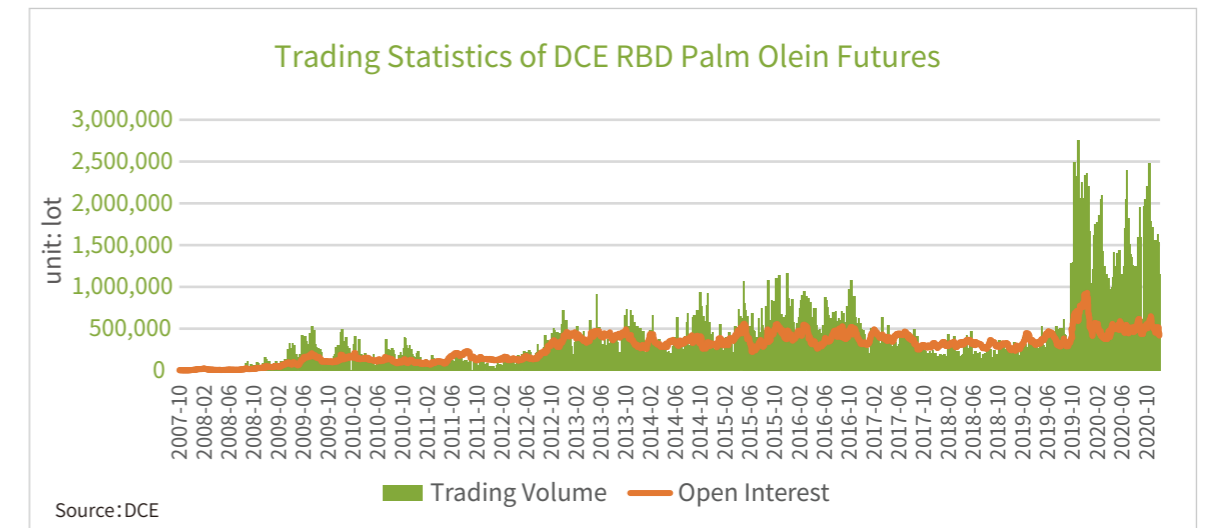
DCE Trading Facts 2020			
2.15 billion lots	7th FIA ranking	8.85 million lots daily trading volume	8.56 million lots daily open interest

DCE RBD Palm Olein Futures

Trading Statistics

Since its launch in October 2007, DCE RBD Palm Olein futures contracts have evolved into the most traded palm oil futures product worldwide. In 2020, it ranked as one of the top 10 future contracts in the Chinese futures market, in which the daily trading volume and open interest reached 13 million metric tonnes and 5.1 million metric tonnes respectively.

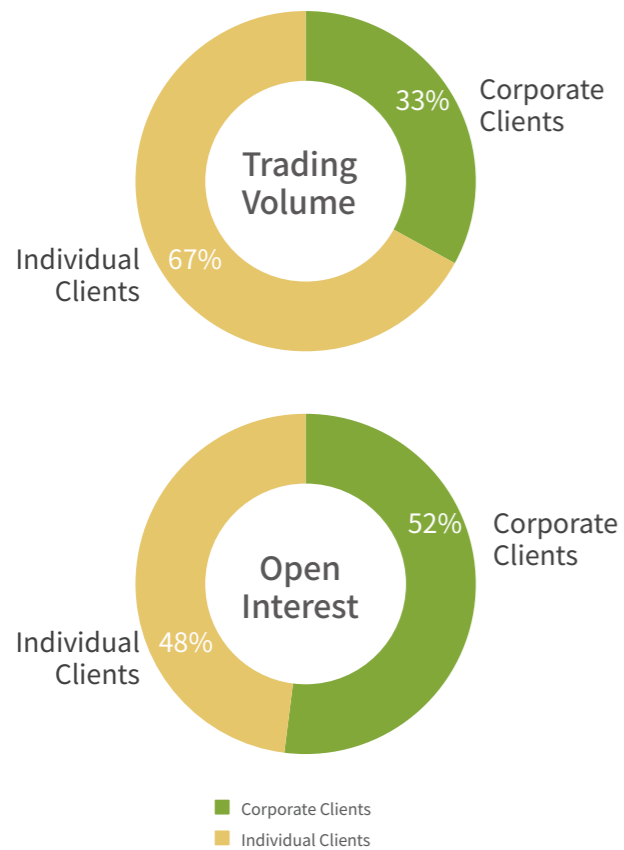
DCE RBD Palm Olein Futures Trading Facts 2020			
315 million lots	0.98 Correlation with BMD FCPO	1.30 million lots daily trading volume	513 thousand lots daily open interest



Market Structure

DCE agricultural futures market is well acknowledged for its maturity, large liquidity and active participation of industrial clients. Major industrial enterprises already have a long history of participating in DCE futures market.

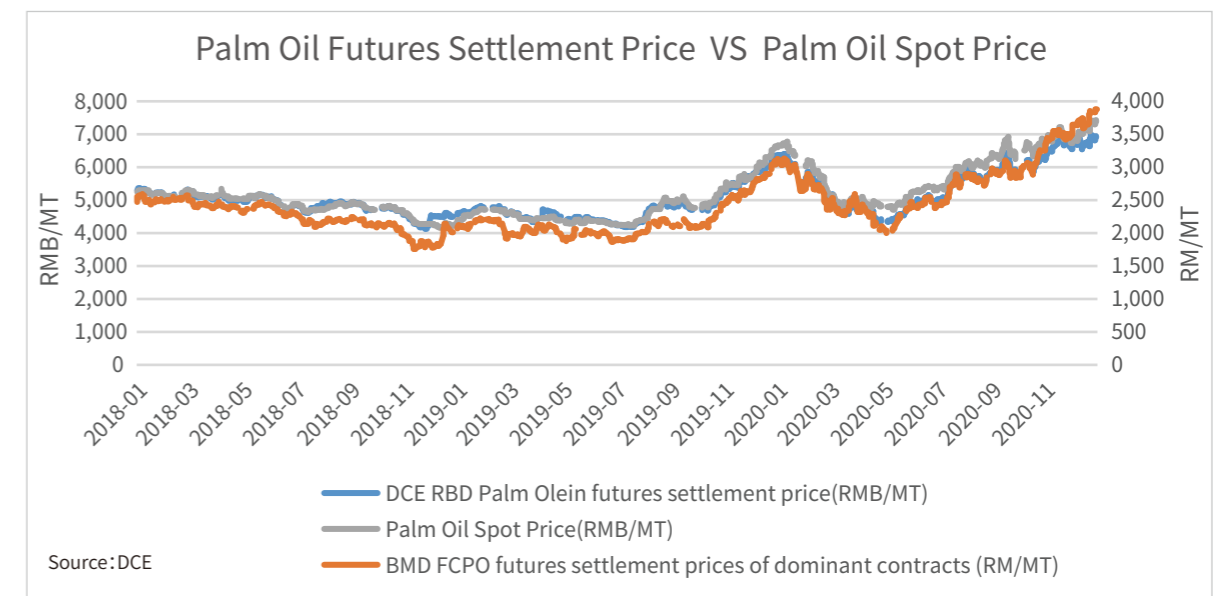
For RBD Palm Olein, over half of the open interest is held by our corporate clients who also contribute more than 30% of the overall trading volume.



Source:DCE, based on 2020 trading statistics

High Correlations with Physical Market

DCE RBD Palm Olein Futures is closely related to the palm oil physical market. The prices of BMD Palm Oil futures (FCPO), perceived as the pricing benchmark of the palm oil physical market, have strong correlations with DCE prices. DCE has provided industrial participants a reliable tool for hedging, price risk mitigation as well as profit margin management. As a result, industrial participants could better manage trading volumes and inventory based on DCE futures prices and spot prices of producing regions.



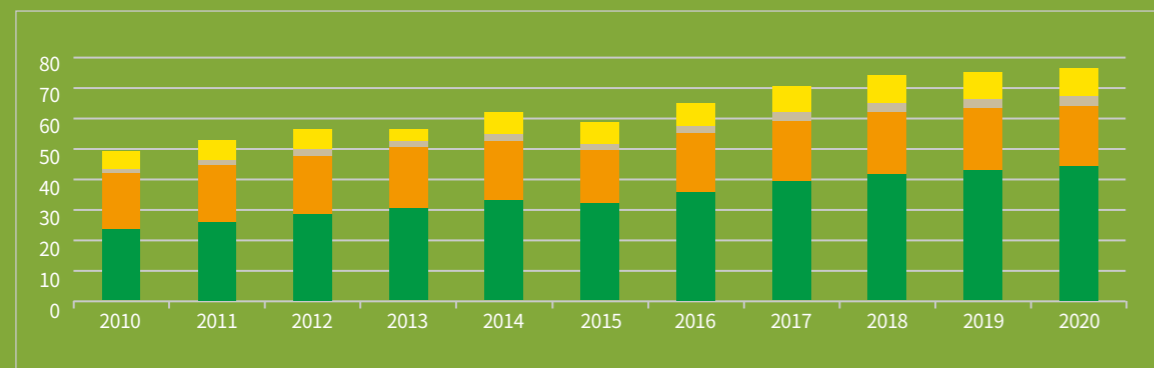
*Futures settlement prices refer to settlement prices of dominant contracts

Palm Oil Physical Market

Supply and Demand

Palm oil is the vegetable oil with the largest output and trading volume worldwide. According to USDA projections, the global palm oil output reached around 76.38 million metric tonnes in the 2020/21 marketing year, when Indonesia and Malaysia were the leading exporters of palm oil worldwide.

Palm Oil Production (million metric tonnes)

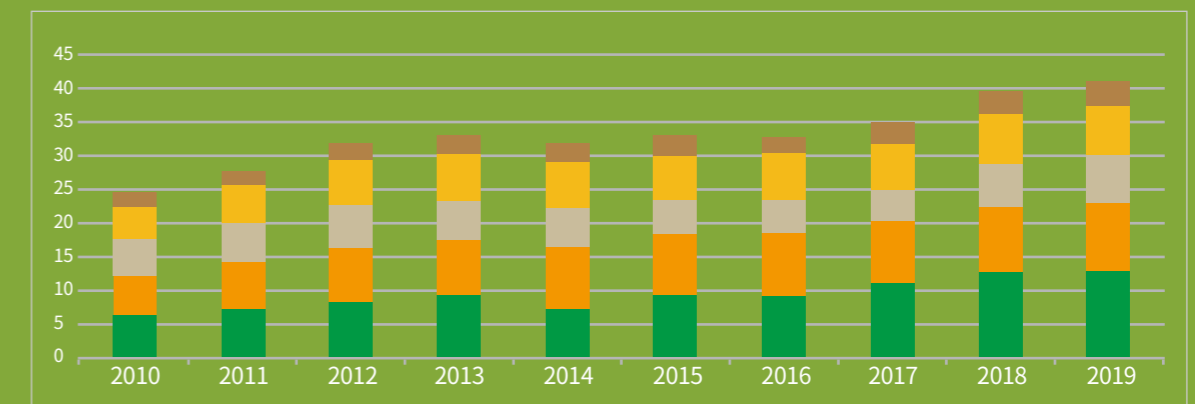


Source:USDA

Indonesia Malaysia Thailand Others

The global palm oil consumption volume has kept itself on a relative stable level over the past decade, with India and China being the main importers. USDA projected that the 2020 global consumption was 75 million metric tonnes, which declined by around 8% compared to consumption in 2019.

Palm Oil Consumption (million metric tonnes)

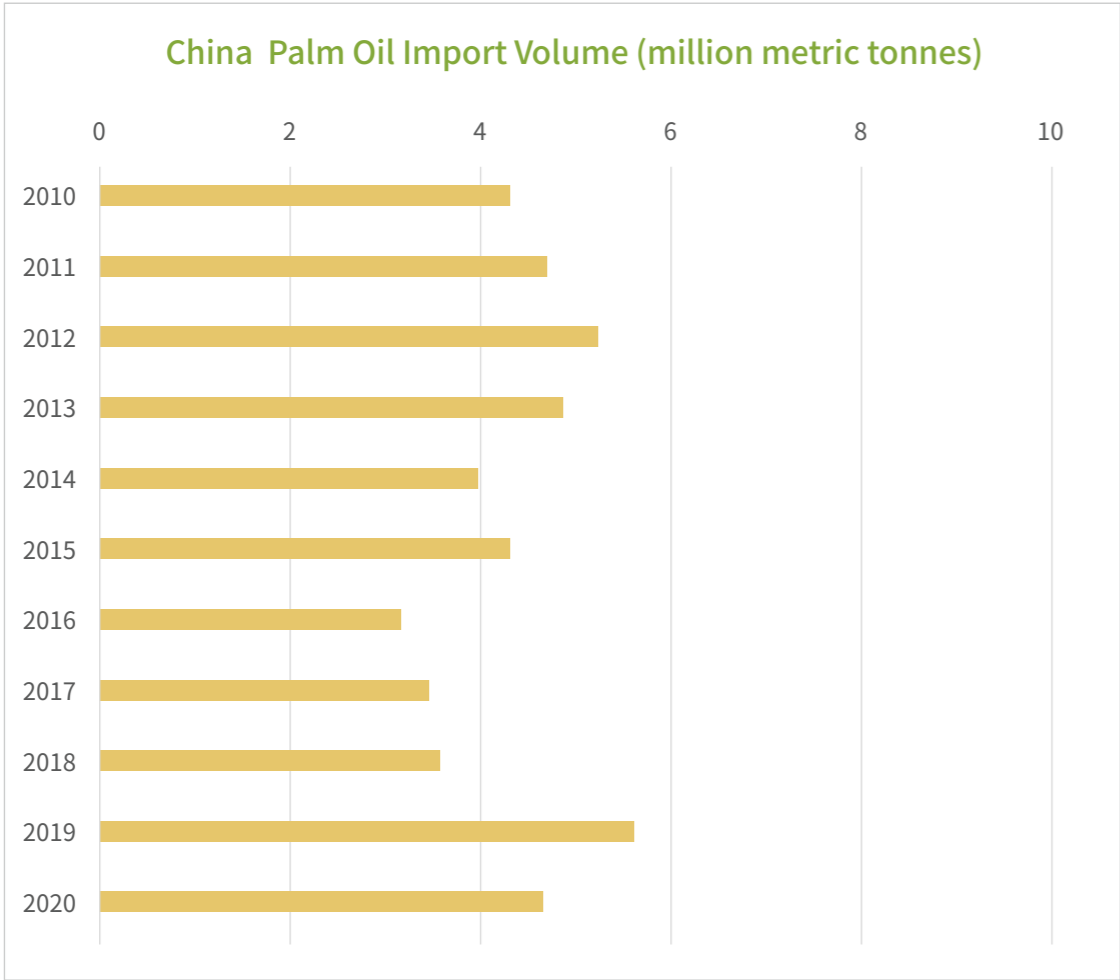


Source:USDA

Indonesia India China EU Malaysia

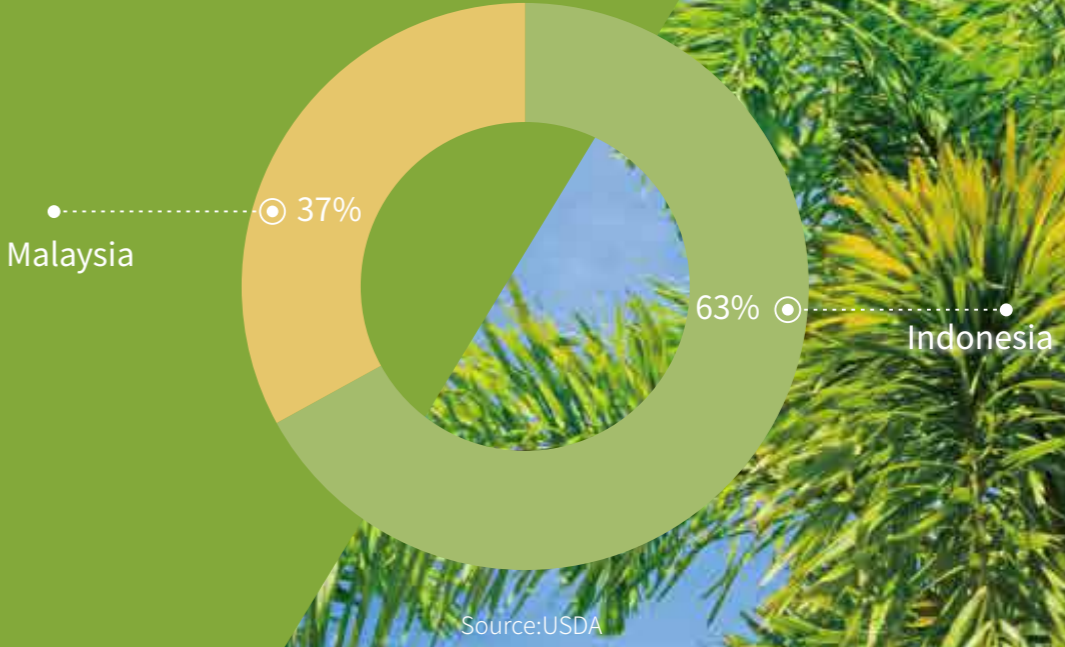
China: The Second Largest Importer of Palm Oil

As the second largest importing country and third largest consuming country, China's palm oil supply entirely depends on imports from producing countries such as Indonesia and Malaysia. In 2020, China imported 4.66 million metric tonnes of palm oil, 17% fewer compared to 2019.



Source: DCE

Source Of Import by region 2021, Estimated by USDA



Source: USDA

Contract Specifications

Contract Specification of DCE RBD Palm Olein Futures

Product	RBD Palm Olein
Trading Unit	10 MT/Lot
Price Quote Unit	CNY/MT
Minimum Tick Size	2 CNY/MT
Daily Price Limit Range*	4% of last settlement price
Contract Months	Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec
Trading Hours	9:00 - 11:30 a.m., 1:30 - 3:00 p.m., Beijing Time, Monday to Friday, and other trading hours announced by DCE
Last Trading Day	The 10th trading day of the contract month
Last Delivery Day	The 3rd trading day after the last trading day
Deliverable Grades	RBD Palm Olein Delivery Quality Standard of DCE (F/DCE P002-2011)
Delivery Point	The delivery warehouses of RBD Palm Olein designated by DCE
Minimum Trading Margin*	5% of the contract value
Delivery Form	Physical delivery
Ticker Symbol	P
Listed Exchange	DCE

Note: DCE may adjust the daily price limit ranges and the trading margins of each contract according to market conditions. For details of current trading parameters of each contract, please see below website:

<http://www.dce.com.cn/DCE/TradingClearing/Business%20Parameters/Trading%20Parameters/index.html>

Contract Specification of DCE RBD Palm Olein Options

Underlying Instrument	RBD palm olein futures contract
Contract Type	Call option, put option
Trading Unit	One lot (10 MT) of RBD palm olein futures contract
Price Quote Unit	CNY/MT
Minimum Tick Size	0.5 CNY/MT
Daily Price Limit Range	The same as the daily price limit range of RBD palm olein futures contract
Contract Months	Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec
Trading Hours	9:00 - 11:30 a.m., 1:30 - 3:00 p.m., Beijing Time, Monday to Friday, and other trading hours as announced by DCE
Last Trading Day	The 5th trading day of the month immediately preceding the delivery month of the underlying futures contract
Expiration Date	The same as the last trading day
Exercise Price	The range of exercise prices is the settlement price of the RBD palm olein futures contract in the previous trading day plus or minus 1.5 times the current day's price limit; If exercise price \leq 5,000 CNY/MT, exercise price interval = 50 CNY/MT; If 5,000 CNY/MT < exercise price \leq 10,000 CNY/MT, exercise price interval = 100 CNY/MT; If exercise price > 10,000 CNY/MT, exercise price interval = 200 CNY/MT.
Exercise Style	American. The options buyer can apply to exercise the options in the trading hours of any trading day prior to the expiration date, and before 3:30 pm on the expiration date.
Contract Symbol	Call options: P-Contract Month-C-Exercise Price Put options: P-Contract Month-P-Exercise Price
Listed Exchange	DCE

Main differences between futures contract and options contract of DCE RBD palm olein

Comparison	Futures contract	Options contract
Underlying	RBD palm olein	RBD palm olein futures contract
Trading unit	10 MT/Lot	One lot (10 MT) of RBD palm olein futures contract
Minimum Tick Size	The 10th trading day of the contract month	The 5th trading day of the month immediately preceding the delivery month of the underlying futures contract
The extent of Gain/Loss	No Restriction	Unlimited Profits but limited loss
Buyer' s Obligation	Full obligation to execute the contract	No obligation
Seller' s Obligation	Full obligation to execute the contract	If the buyer chooses to execute, then the seller will have to abide by it.
Date of Execution	On the pre-decided date	Any time before the date of expiry.
Time Value of Money	Not Considered	Relied heavily upon

