ADDENDUM - CGS Strategic Q&A Sheet (Aug 14, 2025)

Q1. Upon investment, in whose name and through which account will the capital be deposited and managed?

Answer: The investor's capital will be applied toward the subscription of newly issued Class C shares—non-voting shares with preferential dividend rights—of an operations company to be incorporated in Singapore or Hong Kong. This operations company will be established with nominal capital by CGS's business partner.

All invested proceeds will be deposited into, and managed through, an account held in the name of the operations company at a major cryptocurrency exchange—principally Binance International. No additional investment vehicles will be utilized. The operations company will commit the capital on a proprietary-investment basis and distribute returns to investors accordingly.

Separately, the operations company will enter into a software-licensing agreement with CGS's U.S. R&D entity, under which it will pay performance-linked licensing fees.

Q2. Regarding investment risk: [Q2-1 toQ2-6]

Q2-1. How does the CGS system respond to macroeconomic shocks?

Answer: The CGS System is fully capable of preserving capital under extreme market conditions.

In response to macroeconomic shocks, the cryptocurrency market often exhibits sharp short-term volatility—either pronounced rallies, drawdowns, or mixed trading patterns—and may, in the medium to long term, enter a sustained downward trend. In severe cases, such shocks may also result in the suspension of trading activity on certain exchanges.

The CGS System is engineered to respond with agility to such market dynamics—whether short-term volatility spikes, prolonged declines, or severe drawdowns triggered by macro events. While the system is fundamentally designed around mathematical principles that drive low-frequency trading across a large network of independent bots, it reassesses market conditions every five minutes. If a bot's risk thresholds are reached, the system immediately enters the risk management mode and adjusts positions accordingly.

More specifically, the system operates as follows:

- Short-term volatility – The system widens the noise bandwidth, halts trading activity, and enters a "no-trading" mode to monitor market conditions. Trading resumes only once stability is restored.

- Sharp drawdowns – Positions are rapidly rotated into short exposure, enabling the system to profit from declining underlying asset prices.

- Prolonged bear markets – Individual bots gradually shift their positions toward short exposure, preserving and potentially compounding capital during extended downtrends.

These capabilities are demonstrated in detail on pages 10–12 of the pitch deck. Notably, the CGS System generated profits during the LUNA collapse and preserved capital during the FTX collapse (p. 12). In periods of prolonged crypto market declines, the system delivered stable returns (p. 10) while maintaining exceptionally low maximum drawdowns and capital stability (p. 11).

In sum, the CGS System responds rapidly to macroeconomic shocks, adapts flexibly to diverse market conditions—including extreme volatility—and is designed to either capitalize on such dislocations or, at minimum, preserve invested capital.

Q2-2. What contingency measures are in place in the event of losses? Specifically, how does the stop-loss framework operate?

Answer: Capital is allocated across a large number of autonomous trading bots, each of which operates its own portfolio. When a bot's position reaches a pre-defined loss threshold relative to its individual entry level, an automated stop-loss is triggered.

Because position entry points are highly dispersed across the bot network, stop-loss executions also occur at multiple, non-correlated price levels. Moreover, at any given time, some bots will hold long positions while others will hold short positions, resulting in loss events that are naturally diversified across both market direction and timing.

A supervisory "manager bot" consolidates the status of all sub-bots and implements portfolio-level adjustments on a rolling 15-minute cycle. This architecture—featuring heterogeneous stop-loss triggers and asynchronous execution—provides structural stability to the portfolio as a whole.

Q2-3. Is there a circuit breaker or equivalent emergency intervention system?

Answer: In emergency market conditions, the stop-loss framework is escalated to forcefully liquidate open positions. Once the portfolio is fully de-risked, the system evaluates prevailing market noise; if volatility exceeds a pre-set threshold, all trading activity across the bot network is suspended.
This "no-trading" state may remain in effect for a prolonged period, depending on market conditions. The protocol is fully automated, ensuring timely intervention and effective risk containment during extreme events.

Q2-4. How is the exchange account status monitored?

Answer: Core operations include daily server inspections and log reviews. In addition, a proprietary automated alert system is in place. The servers push updates to operators every five minutes via both messenger and email.
In the event of anomalies, the system issues high-priority alerts, enabling rapid operator response and remediation.

Q2-5. Which exchanges will be utilized, and how will related risks be managed?

Answer: The trading infrastructure has been engineered to integrate with multiple cryptocurrency exchanges and has undergone multi-year live-capital testing. The system is fully operational with Binance International, Bybit, and OKX, with additional integrations—such as Bitget—currently in development.

Based on extensive testing and live deployment, Binance International has consistently demonstrated superior system stability, market depth, and execution quality, resulting in materially lower slippage relative to peers. Accordingly, Binance International will serve as the primary execution venue for capital deployment.

In the event of an exchange server failure, the system is designed to respond automatically, with safeguards to prevent operational impact on our servers in the event of connectivity loss or a full exchange shutdown. Error-handling logic and an automated trade-resumption protocol are embedded within the architecture, and their performance has been validated through real-world operations.

Q2-6. What proportion of the investment seed is held in cold wallet custody?

Answer: Even under the most aggressive capital deployment settings, the operations company retains 20% of total seed capital in cold wallet custody, denominated in USDT. For more defensive configurations, up to 50% of total seed capital can be withdrawn into cold wallet custody and held with a designated custodian.

Q3. Based on CGS's system architecture, development maturity, and prevailing exchange conditions, what is the confidently manageable AUM capacity?

Q3-1. What is the AUM capacity at which CGS's system can operate effectively? CGS's architecture is designed to accommodate exceptionally high AUM capacity for the following reasons:

Answer: First, the highly distributed trading execution - A large number of autonomous trading bots executes independently at different times. At any given moment, only a small fraction of the operations account balance is deployed into the market simultaneously.

Second, the low-frequency trading - The strategy operates at a significantly lower trading frequency than high-frequency trading (HFT) firms. This allows ample time for trade scheduling and order slicing without compromising profitability. By contrast, HFT strategies may have annual turnover of several thousand times their operating capital, whereas CGS's annual turnover is only 20–30 times capital.

Third, the asset class scalability – The system is designed to extend beyond Bitcoin to include NASDAQ, Nikkei, KOSPI ETFs, and individual equities, further increasing the AUM that can be efficiently deployed.

Q3-2. What is the basis for the AUM capacity estimate?

Answer: Applying the above logic and using conservative assumptions based solely on Bitcoin trading, the calculation is as follows:

The CGS system can operate 5,000(+) bots concurrently without server strain. Each bot's allocated seed (total seed ÷ number of bots) is further subdivided into 20(+) slices for order execution.

Binance International's BTC futures market order book has consistently demonstrated—over 2022–2025—a market depth of USD 2–7 million within a 0.1% slippage band (with much higher capacity observed during some bull market situations).

When these parameters are combined, the system can theoretically support multi-billion USD capacity within the 0.1% slippage range. Even under conservative stress assumptions—where hundreds of bots might coincidentally execute at the same time—the system can comfortably accommodate several hundred million USD in deployable capital without breaching the slippage threshold.

Q3-3. How are operating costs and trading fees incorporated, and are the returns presented in the pitch deck net of these costs?

Answer: The Bitcoin performance figures presented in the pitch deck are based on actual one-minute interval trading data from Binance Futures. The simulations incorporate a conservative 0.1% slippage assumption and a 0.04% exchange trading fee, replicating live trading conditions.

Live capital deployments have consistently confirmed that the variance between simulated results and actual trading outcomes remains the same level under the assumed slippage threshold (0.1%), reinforcing the reliability of the backtested performance data.

Q4. How and when are profits distributed?

Answer: The operations entity will be established as a proprietary investment company serving a limited number of investors, and will be maintained as such by making only minimal changes to its shareholder composition over time. For the baseline investment term and structure, please refer to page 26, Q3 of the pitch deck for details.

Upon generation of profits, 30% of the profits will be paid to the R&D entity as a software licensing fee, with the remaining profits retained within the operations entity. Retained profits may, at the investor's discretion, be distributed annually as dividends or reinvested to compound capital growth.

Q5. How will taxes be incurred?

Answer: The investment is structured as an equity subscription into the operations company. Accordingly, taxes will be limited primarily to corporate income tax payable by the operations company. Upon profit distribution, investors—as shareholders—will be subject to applicable capital gains taxes or other relevant taxes on dividends, depending on their jurisdiction.