

Best Execution Policy

1. Purpose

Core Pacific – Yamaichi International (H.K.) Limited (“CPYI”) is licensed by the Securities and Futures Commission of Hong Kong (the “SFC”) for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on Corporate Finance) regulated activities with CE number BHM090. CPYI is also an exchange participant of The Stock Exchange of Hong Kong Limited.

Core Pacific – Yamaichi Futures (H.K.) Limited (“CPYF”) is licensed by the Securities and Futures Commission of Hong Kong (the “SFC”) for Type 2 (dealing in futures contracts) regulated activity with CE number ABY048. CPYF is also an exchange participant of Hong Kong Futures Exchange Limited.

The SFC requires licensed persons, when acting for or with clients, to execute client orders on the best available terms.

This document summarises the Best Execution Policy of CPYI and/or CPYF in relation to agency and back-to-back principal transactions executed on behalf of Clients. CPYI and/or CPYF has established and implemented a framework of Policies and Procedures which are designed to take all reasonable steps to deliver to a Client the best available terms on a consistent basis when executing orders on the Clients’ behalf.

2. Applicability

The Best Execution Policy applies when CPYI and/or CPYF enter into agency or back-to-back principal transactions for clients* and there is a legitimate reliance on CPYI and/or CPYF to achieve a stated execution outcome. In executing orders, CPYI and/or CPYF may execute via its own trading membership or via third party brokers (“Brokers”).

The Best Execution Policy will not apply where there is no expectation on CPYI and/or CPYF to provide a best execution service. These situations typically occur when:

- (i) The Client initiates a request for a price from CPYI and/or CPYF principal house book;
- (ii) The Client elects to control and execute its own orders via CPYI and/or CPYF’s electronic trading platform; or
- (iii) The Client is an Institutional Professional Investor.

3. Client Specific Instructions

Clients may instruct CPYI and/or CPYF to take into consideration certain execution factors which the Client may, from time to time, consider to be of importance (for example, executing at a particular price or time and/or through the use of a particular strategy, Broker and/or execution venue). Where the Client provides specific instructions which cover one part or aspect of an order, CPYI and/or CPYF will take reasonable steps to execute the orders in accordance with such instructions.

Where the Client specifies execution instructions which may conflict with, and therefore prevent CPYI and/or CPYF from fully following, this Best Execution Policy. In such circumstances, the Client shall be reminded for such departure from this Best Execution Policy, and should the Client uphold his or her specific instructions despite the reminder/advice given, in following such Client instructions, CPYI and/or CPYF will be deemed to have taken all reasonable steps to provide the best outcome and as such CPYI and/or CPYF shall consider its duty of best execution under this policy to be satisfied.

4. Best Execution

4.1 General principle

In the absence of Client specific instructions, CPYI and/or CPYF will exercise its own discretion and will take into consideration a range of execution factors and characteristics. CPYI and/or CPYF will generally consider price as a higher relative importance when obtaining the best possible outcome for orders executed on the clients' behalf. However CPYI and/or CPYF may also take into consideration other factors, including, but not limited to cost of execution, speed, size of order, liquidity of market, potential price impact and characteristics of the Client, the order, the financial instrument and the execution venue. There is no guarantee that best execution will be achieved in all circumstances and, in any event, the execution factors and characteristics that CPYI and/or CPYF considers in pursuit of best execution may lead to different results to the same order executed at different times.

4.2 Execution Factors

The manner in which an order is executed for a Client can be affected by various factors and criteria. In determining how a specific Client order will be executed CPYI and/or CPYF will take into consideration the following:

- a. Price;
- b. Cost;
- c. Speed and likelihood of execution;

- d. Size of the order;
- e. Market impact; and
- f. Any other factors relevant to the execution of the order.

4.3 Characteristics

Clients may instruct CPYI and/or CPYF to take into consideration certain execution factors to which they attach greater importance. In the absence of a Client's specific instructions, CPYI and/or CPYF will exercise its own discretion to determine the relative importance of the execution factors and will use reasonable efforts to obtain the best possible outcome in executing Clients' orders. In determining the relative importance of the execution factors to achieve best outcome for Clients' orders, CPYI and/or CPYF will also take into consideration the following characteristics:

- (i) Client – characteristics of the client (e.g. regulatory categorization, order handling preferences, trading objectives);
- (ii) Order – characteristics of the relevant order (e.g. size of order, liquidity profile, prevailing market conditions);
- (iii) Financial instruments – the characteristics of the instruments or products that are the subject of the relevant order; and
- (iv) Execution venue – the characteristics of the Broker or other execution venue.

5. Execution Venue

It may be possible to execute and/or report transactions and crossings through various execution venues. In meeting its obligation to take all reasonable steps to consistently obtain the best outcome for the Client, CPYI and/or CPYF may execute or report orders at the following venues:

- (i) A regulated exchange (where applicable), either via CPYI and/or CPYF's membership or Broker's membership;
- (ii) Alternative liquidity platforms; or
- (iii) Cross reporting platforms where an order has been crossed with opposing CPYI and/or CPYF client orders (subject to Client's consent).

CPYI and/or CPYF will regularly monitor and assess whether the execution venues used provide best possible outcomes for its Clients. Clients will be required to elect their execution preferences. In the absence of any specific client instructions CPYI and/or CPYF will direct Client orders to regulated markets.

6. Review and Monitoring

CPYI and/or CPYF will monitor the effectiveness of its order execution arrangements on a regular basis in order to identify any issues that may affect its ability to continue to obtain the best outcome for the execution of Client orders on a consistent basis using the venues stated in this Best Execution Policy.

CPYI and/or CPYF will review its order execution arrangements and this Best Execution Policy regularly and will notify Clients of any material changes to its order execution arrangements or Best Execution Policy as described above by posting the information on the website of Core Pacific-Yamaichi.

DISCLAIMER

- This Best Execution Policy describes the procedures undertaken by CPYI and/or CPYF when executing orders on behalf of Clients serviced by CPYI and/or CPYF.
- This Best Execution Policy is not intended to create a legally binding obligation and should instead be read as a statement of intention when executing orders.
- This Best Execution Policy should not be taken as a representation and failure to comply with these procedures should in no way, of itself, mean that CPYI and/or CPYF has breached any client obligation.
- CPYI and/or CPYF's commitment to provide "best execution" does not mean that it owes any of its clients any fiduciary responsibilities over and above any specific regulatory obligations placed upon it, or as contractually agreed with the Client.
- CPYI and/or CPYF reserves the right to amend this Best Execution Policy at its sole discretion and without providing notice. Updated versions will be made available via the CPYI and/or CPYF website.
- This Best Execution Policy does not represent legal advice and should be read in the context of any prevailing Client agreements, local law, and applicable market rules and regulations.

* According to paragraph 8.3 Part A of the Code of Conduct for Persons Licensed by or Registered with the Securities, it is provided that:

"back-to-back transactions refer to those transactions where a licensed or registered person, after receiving –

- (a) a purchase order from an investor, purchases an investment product from a third party and then sells the same investment product to the investor; or*

(b) a sell order from an investor, purchases an investment product from the investor and then sells the same investment product to a third party, and no market risk is taken by the licensed or registered person.”

*In such sense, any Type 6 Regulated Activity (advising on corporate finance) which involves no execution is not included in the definition and hence not applicable to this policy.