

Best Execution Policy

1. Purpose

Valuable Capital Limited (“VCL”) is licensed by the Securities and Futures Commission of Hong Kong (the “SFC”) for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities with CE number AUL711. VCL is also an exchange participant of The Stock Exchange of Hong Kong Limited and 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 summarizes the Best Execution Policy of VCL in relation to agency and back-to-back principal transactions executed on behalf of Clients. VCL 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 VCL enter into agency or back-to-back principal transactions for clients* and there is a legitimate reliance on VCL to achieve a stated execution outcome.

- (a) Agency transactions: when VCL enters into transactions as agent for our clients.
- (b) Back-to-back transactions: when VCL enters into back-to-back principal transactions with clients. In this regard, "back-to-back transactions" refer to those transactions where VCL, after receiving (i) a purchase order from a client, purchases an investment product from a third party and then sells the same investment product to the client; or (ii) a sell order from a client, purchases an investment product from the client and then sells the same investment product to a third party, and no market risk is taken by VCL in such transactions.

In executing client execution orders, VCL 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 VCL to provide a best execution service. These situations typically occur when:

- (i) The Client initiates a request for a price from VCL principal house book;
- (ii) The Client elects to control and execute its own orders via VCL’s electronic trading platform placing to markets;
- (iii) The Client is an Institutional Professional Investor; or
- (iv) For Investment Funds, there can be no expectation on VCL to execute best execution while client instructs VCL to place a specific product which can only be bought from specific Fund House".

Set out above is only a non-exhaustive list of examples.

3. Client Specific Instructions (Client execution only)

Clients may instruct VCL 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, VCL will take reasonable steps to execute the orders in accordance with such instructions. VCL will be deemed to have taken all reasonable steps to provide the best outcome and as such VCL 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, VCL will exercise its own discretion and will take into consideration a range of execution factors and characteristics. VCL will generally consider price as a higher relative importance when obtaining the best possible outcome for orders executed on the clients' behalf. However, VCL 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 VCL 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 VCL will take into consideration the following:

- a. Price;
- b. cost;
- c. speed of execution/settlement;
- d. likelihood of execution/settlement
- e. size and nature of the order;
- f. product feature and complexity of product
- f. market impact; and
- g. any other factors relevant to the execution of the order.

4.3 Characteristics

Clients may instruct VCL to take into consideration certain execution factors to which they attach greater importance. In the absence of a client's specific instructions, VCL 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, PRICE must always be the primary execution factor. VCL will also take into consideration the following characteristics:

- (i) Client – characteristics of the client (e.g. retail or professional client, 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.

4.4 A minimum of three counterparties quotes

A minimum of three counterparties quotes should be obtained to provide the best execution for clients.

In any particular situation where orders were executed with less than three counterparties quotes, the justification should be documented in the quotation summary record.

In the case where the same lowest price is quoted from two different counterparties, VCL executes the client's order via the counterparty who provides quotes to VCL first.

4.5 Best pricing duration time

VCL will take a maximum duration of an hour (30 mins for Structured Notes) for the price quotations under usual circumstances to provide execution service for the client.

Price must always be the primary execution factor within this maximum duration of an hour. However, if less than 3 quotes were received by VCL for order execution, VCL should take the speed of transaction into account besides price. In such case, justification of using less than 3 quotes should be documented in the quotation summary. In such case, justification of using less than 3 quotes should be documented in the quotation summary.

All price quotations records should be maintained for internal and external review when required.

4.6 Handling client orders where multiple quotes exist or where pricing information is limited

In cases where multiple quotes exist, VCL generally select based upon best available price though other factors, such as liquidity, market signaling etc. will be taken into consideration which may result in the less favorable price being selected. In cases where pricing information is insufficient or quotes are absent, VCL will act in what it generally believes to be in the best interest of clients. Nevertheless, VCL should document the multiple quotes or any equivalent information obtained when handling client orders with best execution

practice and at the best interest of clients.

4.7. Specific Instruction (Client execution order only)

Where a client places order with a specific instruction as to the manner of execution, VCL will then execute the order in accordance with the specific instruction. In this circumstance, VCL will be deemed to have provided the client with best execution even if such instructions may deviate from VCL's established mechanism or the steps which are designed to attain the best possible results for execution of that order. Therefore, the client must clearly state the desired method of execution once placing order and the specific instruction must be comprehensive.

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, VCL may execute or report orders at the following venues:

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

VCL 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 VCL will direct Client orders to regulated markets.

6. Review and Monitoring of execution policy

VCL will monitor the effectiveness of its order execution arrangements on a regular and consistent 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 using the venues stated in this Best Execution Policy. VCL 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. In addition, Business unit conducts regular meetings internally to remind and update the team regarding the best practice during operation. Business unit also conducts meeting when policies and procedures have been updated.

7. Controls Functions to Review Execution Quality of Trades

VCL will carry out regular checks to review our quality of execution and to identify any issues that may affect our ability to secure the best possible outcomes for clients or whether we need to make changes to any of our execution arrangements. Documentary evidence (e.g. sign-off) should be maintained to demonstrate that Department senior management have properly performed the post-trade monitoring of best execution.

The Compliance Department will select transaction samples to review the quality of execution on regular basis. Detected abnormalities will be investigated.

8. Arrangements with Affiliates, Connected Parties and Third Parties

For trade execution, other than equity securities listed and traded on the Hong Kong Exchanges and Clearing Limited, Shenzhen Stock Exchange and Shanghai Stock Exchange, VCL may engage affiliates, connected parties or third parties for trade execution of all other securities products. In any case, the VCL will carry out appropriate due diligence and also adopt systematic process to continuously monitor execution outcomes of our affiliates, connected parties or third-party brokers. Regardless of whether orders are executed through affiliates, connected parties or third parties, the obligation to deliver best execution remains with VCL.

DISCLAIMER

This Best Execution Policy describes the procedures undertaken by VCL when executing orders on behalf of Clients serviced by VCL.

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 VCL has breached any client obligation.

VCL'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.

VCL 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 VCL 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 regulated or licensed person.