

INFORMATION ON THE ORDER EXECUTION POLICY OF DAH SING BANK, LIMITED

1. Background and Purpose

Dah Sing Bank, Limited (the "**Bank**", "**we**", "**us**", or "**our**") is an authorized institution under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and is a registered institution with respect to Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"). In this regard, the Bank is subject to various regulatory requirements imposed by the regulators on trade execution.

This document is intended to provide and disclose to clients of the Bank general information on the Bank's approach to, and our policy on, best execution (the "Policy") of the financial products regulated under the SFO which the Bank deals with as a registered institution in our conduct of SFO regulated activities. Please note that this document is not intended to create any legally binding obligations or fiduciary duties on the Bank or any of our affiliates. PLEASE READ THIS DOCUMENT CAREFULLY BEFORE YOU PLACE ANY TRADE ORDERS WITH OR THROUGH THE BANK. BY PLACING A TRADE ORDER WITH OR THROUGH THE BANK, YOU ACKNOWLEDGE AND AGREE TO THE CONTENTS OF THIS DOCUMENT.

2. Scope of Application of Best Execution

- 2.1 The Bank has taken into account prevailing regulatory guidance in identifying transactions under which the Bank shall or shall not apply best execution. Based on such guidance, we set out below our current approach.
- 2.2 The Policy applies to "securities" products as defined under the SFO. The best execution requirements apply in respect of the following activities in "securities" products:
- (a) **Agency transactions:** when the Bank enters into transactions as agent for our clients.
 - (b) **Back-to-back transactions:** when the Bank enters into back-to-back principal transactions with clients. In this regard, "back-to-back transactions" refer to those transactions where the Bank, 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 the Bank in such transactions.
 - (c) **Principal transactions (other than those which are back-to-back in nature):** when the Bank enters into principal transactions (which are not back-to-back in nature) with clients, only in the circumstances where the Bank has assessed that the client is legitimately relying on the Bank to provide best execution and the Bank has concluded that best execution shall apply having regard to the following factors collectively:
 - (i) **whether the client initiates the transaction:** if the client approaches the Bank and initiates a transaction, then it is less likely that the client is placing legitimate reliance on the Bank;

- (ii) **whether it is a market convention for clients to "shop around"**: if it is the market convention or practice for the client to "shop around" by approaching different dealers or providers who may provide a quote for the particular product or asset class and the client has the ability and the ready access to "shop around" for that product or asset class, it is less likely that the client is placing legitimate reliance on the Bank;
- (iii) **whether it is relatively transparent market**: if the pricing information for the particular product or asset class is transparent and it is reasonable that the client would have ready access to such information, then it is less likely that the client is placing legitimate reliance on the Bank; and
- (iv) **whether a disclosure is made to the client that no best execution is provided**: if the disclosure to the clients clearly state that no best execution is provided by the Bank and the client understands and acknowledges the same, it is an indication that the client agrees that he/ she is not placing any legitimate reliance on the Bank.

3. Factors to be Considered in Delivering Best Execution

Where the Bank has determined that best execution applies to a particular transaction, the Bank will take steps to execute the transaction on the best available terms by taking into account a variety of best execution factors, which include:

- (a) price;
- (b) cost;
- (c) speed of execution;
- (d) likelihood of execution;
- (e) speed of settlement;
- (f) likelihood of settlement;
- (g) size and nature of the order; and
- (h) any other relevant factors.

The above best execution factors are not listed in any particular order of priority and the Bank will determine the relative importance of the best execution factors on a case-by-case basis.

4. Specific Instruction by a client

The client may instruct the Bank to take into consideration certain factors which the client may, from time to time, consider to be of particular importance (e.g., executing at a particular price limit, time or executing venue).

Where a client provides the Bank with such specific instructions, the Bank will take reasonable steps to execute the client's orders in accordance with such instructions. Where such specific instructions conflict with, or otherwise prevent the Bank from taking the steps designed and implemented as described in the Policy to obtain the best available result for the execution of the order, best execution shall only apply to those aspects of the order **not covered** by the specific instructions. **Where the Bank has complied with this paragraph in respect of executing orders with specific client instructions, the client acknowledges that**

the Bank will be deemed to have taken all reasonable steps to provide the best outcome in such circumstances, and the Bank shall consider our duty of best execution to be satisfied.

5. Execution Venues

The Bank executes trades in "securities" products on the exchange or over the counter and the trades can be made via our own trading membership or our affiliate, connected parties or third party brokers.

6. Arrangements with Affiliates, Connected Parties and Third Parties

When executing client's orders for equity securities listed and traded on the Hong Kong Exchanges and Clearing Limited, the Bank will execute such orders solely via Dah Sing Securities Limited, our wholly owned subsidiary, under normal circumstances.

For trade execution of all other "securities" products, the Bank may engage affiliates, connected parties or third parties.

In any case, the Bank 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.

Under all circumstances, soft dollars, rebates and other inducement arrangements, if any, will be disclosed to clients in accordance with applicable regulatory requirements.

7. Review of Execution Policy

In addition to regular reviews on an annual basis, the Bank will also carry out ad-hoc reviews of the Policy if we become aware of any material change of regulatory requirements or internal practice. Where necessary, clients will be updated (if any) accordingly.

8. Controls and Monitoring to Review Execution Quality of Trades

The Bank 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.