

CMSI Best Execution Policy

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CMSI Best Execution Policy

Chapter 1 General Principles

Paragraph 1 Introduction

In order to comply with the best execution methods for client transactions specified by Hong Kong regulatory requirements, the CMSI Best Execution Policy clearly stipulates the conduct and internal control standards that should be achieved when executing transactions on clients' behalf as well as the best terms, scope of client transactions and supervisory procedures that should be met by licensed representatives.

Paragraph 2 Definitions

- 1) The Policy: CMSI Best Execution Policy
- 2) The Company: CMSI and its subsidiaries in Hong Kong
- 3) The SFC: The Securities and Futures Commission
- 4) Code of Conduct: Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission

Paragraph 3 Regulatory Requirements

According to paragraph 3.2 of the SFC Code of Conduct and paragraph 3.2 of the SFC Fund Manager Code of Conduct, a licensed person should execute client orders on the best available terms when acting for or with clients.

Paragraph 4 Best Execution

When the Company conducts transactions executed on behalf of clients or back-to-back transactions, the

transaction must be executed under the best conditions.

Paragraph 5 Scope of Application

The Company will take all reasonable steps into consideration and execute trading instructions for clients based on the best terms available. The Company will assess the relevant factors when consider whether the best execution principles apply to an individual transaction.

The relevant factors include but not limited to the following:

- 1) Execution conditions
- 2) Nature of the transaction order
- 3) Quantity and price of transaction orders
- 4) Market environment
- 5) Availability of trading platforms
- 6) Reliance on the Company
- 7) The identity of the Company (principal or agent)

Chapter 2 Execution Factors

Paragraph 6 In general, the more execution conditions attached to a client's transaction order, the fewer the company's execution options will be, and thus the chances of obtaining the best execution will be reduced. Restrictive factors such as complexity, large amounts, and price deviations from market prices will reduce the chance of obtaining the best execution. In addition, after comparing the quotations of different brokers, if the client chooses to execute through the company, the

execution of the transaction according to the quotation content shall be regarded as the best execution. However, best execution does not apply to transactions where the company provides quotes as principal.

Regarding transactions that the Company believes are applicable for best execution, the Company will weigh the relative importance of the following factors based on the market information it has obtained. These factors include but are not limited to the following:

- 1) Type of client
- 2) Nature of transaction order
- 3) Quantity and price of transaction order
- 4) Speed and possibility of transaction execution and settlement
- 5) Transaction cost
- 6) Counterparty risk
- 7) Restrictions
- 8) Current market condition
- 9) Any other relevant factors

The above execution factors are not listed in any particular order of priority.

Chapter 3 Specific Situations and Exceptional Situations

Paragraph 7 Specific Situations

The following circumstances shall be deemed as best execution by the Company:

- 1) For listed securities and investment products, unless the client specifies trading through OTC, the Company will execute the client's transaction order on the relevant exchange as soon as possible.
- 2) The Company executes transactions for clients through the only feasible trading channels, such as the issuer and its designated representative.
- 3) After comparing the quotations of different brokers, the client chooses to execute through our company, and the company executes according to the quotation content.

Paragraph 8 Exceptional Situations

Under normal circumstances, our company will execute trading instructions on behalf of clients as an agent. However, best execution does not apply if the Company or its affiliates or related parties provide quotations for transactions as principal.

Chapter 4 Execution, Monitoring and Reporting

Paragraph 9 Execution and Monitoring

When executing client trade orders, the Company will conduct reasonable due diligence, monitor the execution results, and seek to obtain multiple quotes where appropriate. In the event that multiple quotes are unavailable, the staff executing the order will endeavor to obtain sufficient pricing information to verify the quotes provided to the client.

Paragraph 10 Reporting

The Company's employees should report to management matters regarding best execution of trade instructions (for example, execution delays, deviations in execution results compared to multiple benchmarks, and execution failures by third parties hired by the Company).

Chapter 5 Supplementary Provisions

Paragraph 11 The Policy is prepared by the Legal and Compliance Department. If there are any questions, the final interpretation of the Legal and Compliance Department will prevail.

Paragraph 12 The Policy is reviewed and approved by the Executive Committee and is effective from the date of promulgation until further notice.