

OCTOBER 2022

Hong Kong/China Equity Perspectives

Waiting Silently Is Just the Hardest Thing of All

Summary

Everyone is just waiting. Waiting for the economy to revive, for the PBoC¹ to ease money supply, for a mid-October surprise, or perhaps for the border checkpoints to reopen. Even though recent data published by the National Bureau of Statistics showed that the economy was more springy than expected, Hong Kong and China stock markets remained silent with the average daily turnover shrinking significantly. Meanwhile, we believe the mild inflation in China is providing the government more flexibility to beef up fiscal stimulus.

On the policy front, the central government has rolled out incremental stimulus in the run-up to the 20th National Congress of the CCP², which is probably the most important political event in China for 2022. There are two key agenda for this week-long event: to form a new leadership group and to adopt new party lines as the basis for policymaking. Subsequently, the 13th National Committee of the CPPCC³ will convene its 24th meeting. By the end of this October, fund managers and investors should be busy assimilating China's new strategies and goals into their portfolios. Grand strategies such as common prosperity, dual circulation and "housing is for living in, not for speculation" are expected to be reiterated. We would suggest investors to watch for any subtle change in the dynamic zero-COVID policy and count the number of appearance of the magic words "refrain from a deluge of strong stimulus policies".

1. PBoC: *People's Bank of China*
2. CCP: *Chinese Communist Party*
3. CPPCC: *Chinese People's Political Consultative Conference*
4. P&C: *Property & Casualty*
5. CDMOs: *Contract development and manufacturing organizations*

Notable developments in selected sectors

- **China Insurance:** Year-to-date, P&C⁴ insurers have outperformed life insurers in terms of earnings growth, attributable to higher premium income growth, sales mix shift, as well as inherent difference in duration gap.
- **Hong Kong Banking:** The leading lenders in Hong Kong raised the prime rate by 12.5 basis points. This was the first prime rate hike in four years, and marked the beginning of a long-overdue interest rate up-cycle. We are expecting further hikes in Q4 2022.
- **Hong Kong Tourism and Retail:** Hong Kong government scrapped the compulsory hotel quarantine for arrivals, greatly improving the visibility into the eventual recovery of travels in-and-out of Hong Kong.
- **Macau Gaming:** After Hong Kong shuffled and cut its travel restrictions, Macau government is ready to draw its cards from the deck too.
- **China Biopharmaceutical:** US President Biden signed an executive order which includes up to USD1 billion for developing biomanufacturing infrastructure over five years. We reckon a displacement of Chinese CDMOs⁵ is not practical in the near term.

Chris ZEE

Head of Equity Advisory, Asia
BNP Paribas



Darren LEE

Investment Adviser
Equity Advisory Asia
BNP Paribas

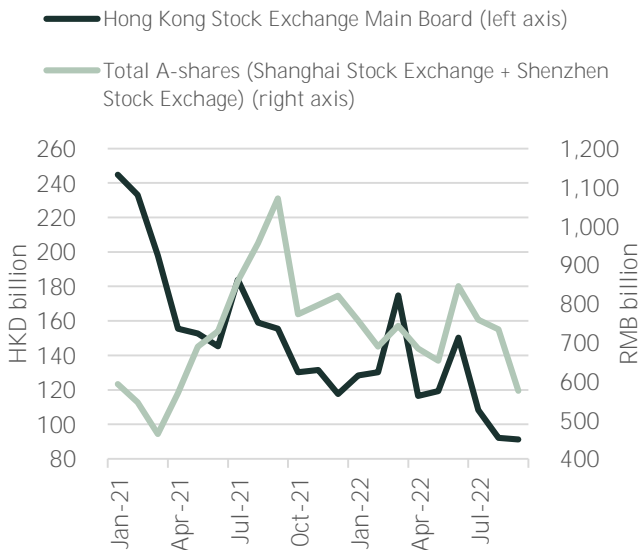


Waiting Silently Is Just the Hardest Thing of All

Everyone is just waiting. Waiting for the economy to revive, for the PBoC to ease money supply, for a mid-October surprise, or perhaps for the border checkpoints to reopen.

Even though recent data published by the National Bureau of Statistics showed that the economy was more springy than expected, Hong Kong and China stock markets remained silent. The average daily turnover of the Hong Kong Stock Exchange Main Board from 1 to 26 September 2022 shrank significantly to only HKD92.1 billion, which was 41% less than the same period last year (HKD156.7 billion) and 28% less than the first eight months of 2022 (HKD128.0 billion). A-shares were no better. The combined average daily turnover of Shanghai and Shenzhen stock exchanges from 1 to 26 September declined 49% year-on-year (yoy) and 22% compared to the first eight months of 2022 (see Chart 1).

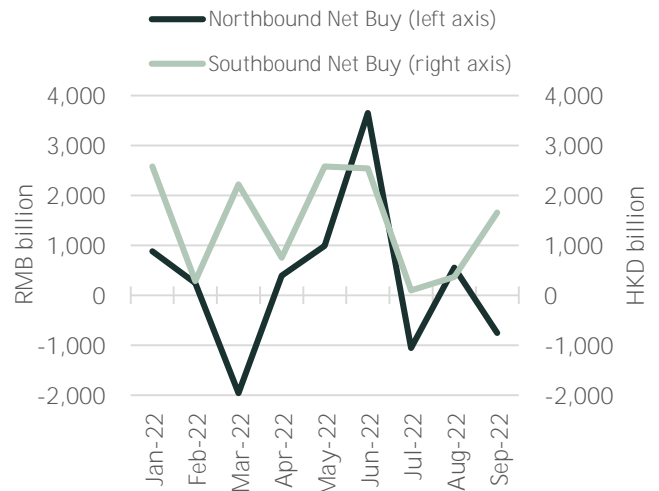
CHART 1. AVERAGE DAILY TURNOVER OF HONG KONG/CHINA STOCK EXCHANGES



Source: Bloomberg, as of 26 September 2022

However, it is noteworthy that mainland China investors snapped up Hong Kong-listed shares in September 2022. Southbound flows have stayed in the “net buy” territory in every single month year-to-date (YTD) (see Chart 2). On the other hand, Northbound flow was lukewarm in Q3 2022.

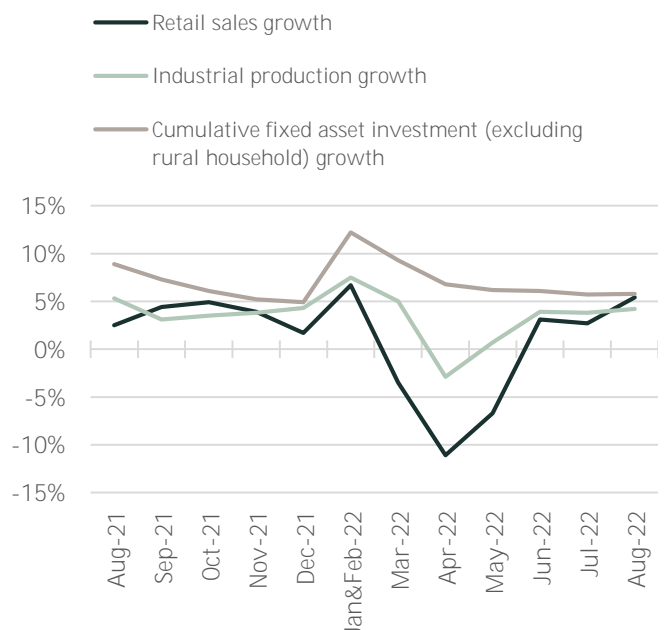
CHART 2. STOCK CONNECT NET FLOWS



Source: Bloomberg, as of 26 September 2022

Economic activity in August 2022 was better than expected. Retail sales growth accelerated to 5.4% yoy, which doubled from 2.7% yoy in July and beat the consensus (Bloomberg survey median) of 3.3%. Industrial production growth was 4.2% yoy and above the consensus for a flat 3.8%. Cumulative fixed asset investment (excluding rural household) impressively edged up by 0.1 percentage point from the previous month to 5.8% yoy for January-August 2022, when the consensus was calling for a decline to 5.5% yoy (see Chart 3).

CHART 3. ECONOMIC ACTIVITY INDICATORS



Source: National Bureau of Statistics, 16 September 2022

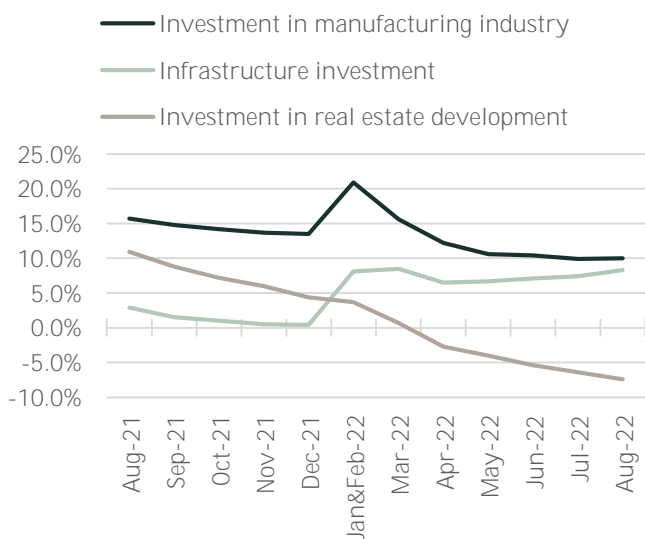
Meanwhile, we believe the mild inflation in China is providing the government more flexibility to beef up fiscal stimulus. Producer price index (PPI) and consumer price index (CPI) upped 2.3% yoy and 2.5% yoy respectively in August 2022, compared to the Bloomberg survey median estimates of 3.2% yoy and 2.8% yoy.

On the policy front, the central government has rolled out incremental stimulus in the run-up to the 20th National Congress of the Chinese Communist Party (CCP) opening on 16 October 2022. At the State Council meeting on 13 September 2022, it was decided that micro, small and medium-sized enterprises and self-employed households in the manufacturing sector could defer the payment of “five taxes and two fees” by another four months starting from 1 September 2022 retrospectively. The arrangement shall enable RMB440 billion of tax relief. While the listed manufacturers are too large to be eligible for the deferral, we expect listed raw material suppliers and parts & component manufacturers should indirectly benefit from lower default risk by continuous flows of new orders from their smaller customers.

Besides, infrastructure investment, which has been an important growth pillar in offsetting sluggish property investments this year (see Chart 4), is expected to maintain its strength in the months

ahead. Policy banks (including the China Development Bank and Agricultural Development Bank of China) have already deployed RMB300 billion and are ready to raise another RMB300 billion to finance major infrastructure projects, according to the state-owned China Securities Journal. An additional local government special bond (LGSB) quota of RMB500 billion was also announced in late August 2022*. According to business newspaper 21st Century Business Herald, at least 14 local governments have published bond issuance plans to raise over RMB230 billion in aggregate in October 2022. The infrastructure construction sector had dismal share performance since this April, despite very resilient 2022 financial results (see Chart 5). In our view, the sector appears to be overlooked by the market amid overwhelming negative news from the property sector.

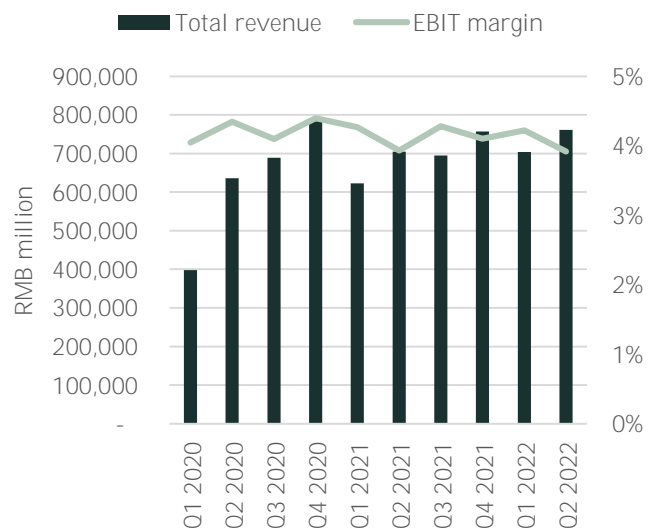
CHART 4. FIXED ASSET INVESTMENT (CUMULATIVE) YEAR-ON-YEAR GROWTH



Source: National Bureau of Statistics, 16 September 2022

* http://www.gov.cn/premier/2022-08/24/content_5706689.htm

CHART 5. TOTAL REVENUE AND EBIT MARGIN OF THREE LEADING CHINA INFRASTRUCTURE CONSTRUCTION COMPANIES



Source: the Companies, BNPP WM, as of 27 September 2022

The upcoming 20th CCP National Congress is probably the most important political event in China this year. There are two key agenda for this week-long event: to form a new leadership group, and to adopt new party lines as the basis for policymaking. Shortly afterwards, the Standing Committee of the 13th National Committee of the CPPCC, China's top political advisory body, will convene its 24th meeting from 31 October to 2 November 2022.

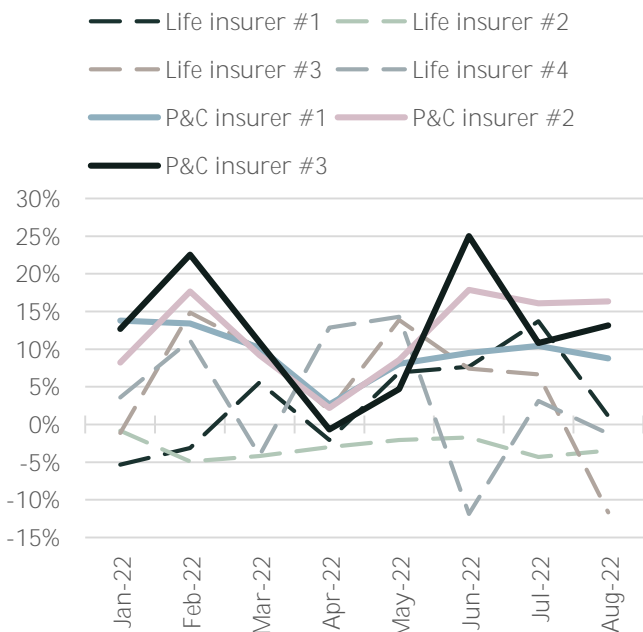
By the end of this October, fund managers and stock investors should be busy assimilating China’s new strategies and goals for 2023 into their portfolios. Common prosperity, dual circulation, “housing is for living in, not for speculation” and other grand strategies are expected to be reiterated in the new party lines. We would suggest investors to watch for any subtle change in the definition of “dynamic zero-COVID policy” and count the number of appearance of the magic words “refrain from a deluge of strong stimulus policies”.

Notable developments in selected sectors and industries

1) China Insurance

P&C insurers have outperformed life insurers in terms of earnings growth YTD. This is attributable to generally higher premium income growth at P&C insurers (see Chart 6), sales mix of annuity products shifted to the bancassurance channel, as well as the inherent difference in duration gap. We favour China insurance companies with higher exposure to P&C insurance, and expect P&C insurers will continue to report stronger premium income growth than life insurers in the near term.

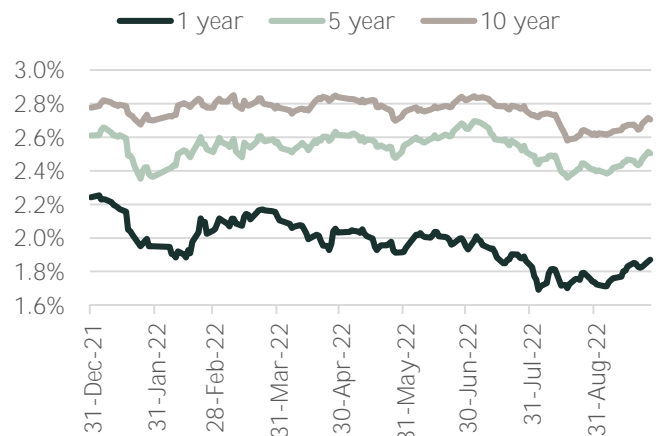
CHART 6. MONTHLY PREMIUM INCOME GROWTH, YEAR-ON-YEAR



Source: the Companies, BNPP WM, as of 27 September 2022

PBoC has cut the medium-term lending facility (MLF) rate twice this year (in January and August 2022), from 2.95% to 2.75%. In mainland China, all of the leading insurance companies use data from the state-owned China Central Depository & Clearing Co. (CCDC) for estimating the fair values of their assets/liabilities. According to CCDC, short-term ChinaBond Government Bond Yields (CGB) have been more sensitive to the MLF cuts that 1-year CGB has fallen over 37 basis points (bps) YTD. On the other hand, the long-term 10-year CGB was stationary until mid-August (see Chart 7). Since life insurers tend to have negative duration gap, due to the long policy period of life insurance and annuity products, their equity values are expected to fall with declining interest rates.

CHART 7. CHINABOND GOVERNMENT BOND YIELDS



Source: China Central Depository & Clearing Co., as of 27 September 2022

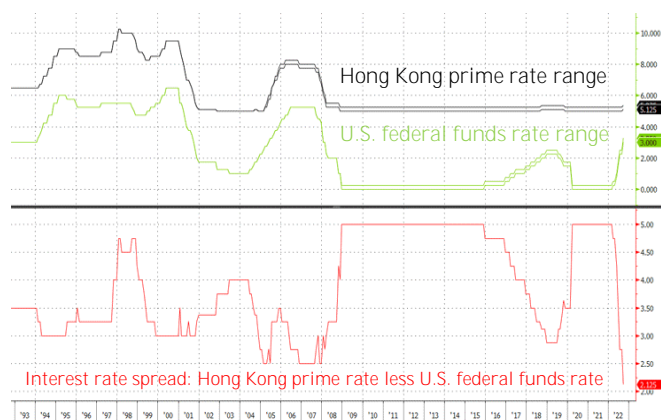
2) Hong Kong Banking

After another 75 bps increase in the US federal funds rate on 22 September 2022, the leading banks in Hong Kong raised the prime rate by 12.5 bps to 5.125%-5.375%. This was the first prime rate hike in four years, and marked the beginning of a long-overdue interest rate up-cycle in Hong Kong. We are expecting further prime rate hikes in Q4 2022.

Hong Kong prime rate, which is the anchor for HKD denominated loans, is 212.5 bps above the federal funds rate range of 3%-3.25%. Over the last 30 years, the spread between Hong Kong prime rate

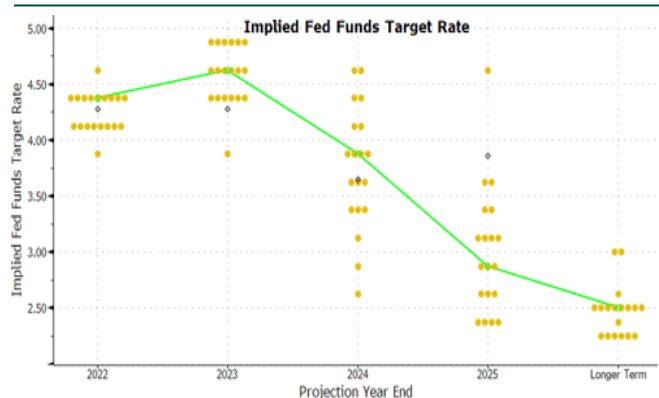
And US federal funds rate was bounded between 2.5% and 5% (see Chart 8). The latest Federal Open Market Committee (FOMC) dot plot signals more rate hikes in November and December 2022, by a total of 125 bps, and another 25 bps in 2023 (see Chart 9). We expect banks in Hong Kong to raise prime rate by over 150 bps till year end, in order to restore the interest rate spread to above 2.5%. This will inevitably lead to higher net interest income, and therefore higher earnings growth, for Hong Kong local banks. In fact, the Hong Kong Monetary Authority sets its base rate mechanically according to a pre-set formula that replicates changes in the US federal funds rate.

CHART 8. HONG KONG PRIME RATE VS. U.S. FED FUNDS RATE, 1992-2022



Source: Bloomberg, as of 27 September 2022

CHART 9. FOMC DOT PLOT



Source: Bloomberg, as of 23 September 2022

3) Hong Kong Tourism and Retail

On 23 September 2022, the Hong Kong government scrapped the compulsory hotel quarantine for

arrivals, which is replaced by a much less restrictive “0+3” scheme (zero-day quarantine and three-day medical observation). The earlier-than-expected reopening of Hong Kong to international travelers is undoubtedly positive news to local tourism and retail sectors. Immediately after the “0+3” scheme announcement, the Hong Kong-based airlines reported high traffic on their websites due to a sudden rush by Hong Kong residents to book flights. Airfares for the coming few months lifted off such that reportedly the price for a Hong Kong-Japan round-trip had doubled. Undoubtedly, there is a large pent-up travel demand among Hong Kong residents. The fact that HKD has appreciated against almost every non-USD currencies further propels the desire. Share prices of airlines and travel agencies surged on the policy change which greatly improved the visibility into the eventual recovery of travels in-and-out of Hong Kong.

Meanwhile, share price reaction of tourism-related retailers and retail landlords has been relatively muted. The Hong Kong General Chamber of Commerce and various health experts are now urging the government to further relax restrictions to a “0+0” scheme. We expect the recovery of inbound visitors may follow shortly, despite a couple of cancelled major international events originally scheduled for late-2022.

4) Macau Gaming Industry

After Hong Kong shuffled and cut its travel restrictions, Macau’s government is ready to draw its cards from the deck too. The city’s chief executive Ho Iat Seng said on 24 September 2022 that Macau aims to resume e-visa and group tours from mainland China in November for the first time in almost three years. The only place in China with legal casinos has implemented stringent COVID-19 pandemic restrictions with tight border controls since 2020, resulting in a major plunge in casino gaming revenue. In the first phase, the resumption of group tours will come from five provinces/cities – Fujian, Guangdong, Jiangsu, Shanghai and Zhejiang – which represented almost 60% of mainland visitors to Macau in 2019. Shares of Macau casino resorts rallied on the back of the earlier-than-expected partial reopening announcement.

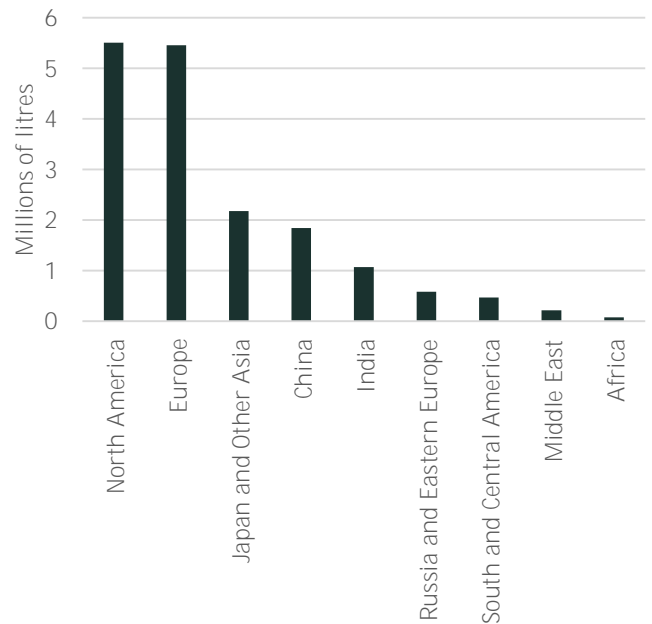
Earlier, in mid-September 2022, Malaysian billionaire Tan Sri Lim Kok Thay placed a surprise bid for the upcoming Macau gaming concessions. He is joining the existing six gaming concessionaries who have also submitted public tender bids. We think it is an opportunistic bid by the Malaysian billionaire, given that the total number of gaming concessions is limited to 6 as stipulated by law and the new concession term will be 10 years only (versus 20 years currently). Since it takes at least 2-3 years to build a new casino resort from scratch, that means the payback period before gaming concession expiry is 8 years or less, which may not be sufficient in our opinion.

Our base case scenario assumes the existing casino resort owners/operators will be able to renew their gaming concessions. They have an upper hand in the public tender because of their massive capital investments in Macau over the years. We think serious new contenders in Macau gaming should take over one of the existing gaming concessionaries with its up-and-running properties. However, for those who choose to roll the dice and try to outbid existing players, the stake is high as the loser may have to sell their resorts at depressed value. Our preferred names in the sector continue to be those who have resilient balance sheets and are more accommodated to Macau’s goal to promote non-gaming business/tourist attractions.

5) China Biopharmaceutical

US President Biden signed an executive order (EO) for the National Biotechnology and Biomanufacturing Initiative (NBBi), which provides up to USD1 billion for the establishment of biomanufacturing infrastructure over five years. There are market concerns over the initiative’s negative impact on Chinese CDMOs. Given that the detailed implementation plan will not be available until mid-2023 and it will take a few years to construct new biomanufacturing capacity, we reckon a displacement of key Chinese CDMOs is not practical in the near term. For reference, the total biomanufacturing capacity in North America and that in China are 5.5 million litres and 1.8 million litres respectively (see Chart 10).

CHART 10. GLOBAL BIOMANUFACTURING CAPACITY



Source: BioProcess International, as of 31 May 2021

The EO aims to accelerate biotechnology innovation and grow the US bio-economy across multiple sectors. Within 180 days of the EO announcement, various US government agencies will submit reports on biotechnology and biomanufacturing matters. Then, within 100 days of the White House receiving the aforementioned reports, an implementation plan will be developed. Therefore, the actual implementation date of the initiatives will be about 9 months from now. In our view, the imminent threats to Chinese CDMOs are more related to market sentiment rather than business fundamentals.

In the longer term, we think the cost competitiveness of future US biomanufacturing capacity, potential import/export restrictions and regulatory hurdles in US onshore expansion by non-US companies are the key variables. Although the EO has no direct mention of other countries, it appears to be a continuation of the America First policy stance. At the moment, public documents of the EO do not provide sufficient granularity to thoroughly assess the long-term impact on the CDMO industry.

DISCLAIMER

This document/communication/information ("document") is provided in Singapore by BNP Paribas, acting through its Singapore branch, and in Hong Kong by BNP Paribas, acting through its Hong Kong branch. BNP Paribas is a public limited company (société anonyme) incorporated in France with liability of its members limited. BNP Paribas, acting through its Hong Kong branch is a licensed bank regulated by the Hong Kong Monetary Authority, a Registered Institution under the Securities and Futures Ordinance of Hong Kong (Cap. 571), and registered with the Securities and Futures Commission (SFC) to carry on Types 1, 4, 6 and 9 regulated activities in Hong Kong (SFC CE Reference: AAF564). BNP Paribas, acting through its Singapore branch (UEN/Registration No: S71FC2142G), is a licensed bank regulated by the Monetary Authority of Singapore. BNP Paribas Wealth Management is the business line name for the Wealth Management activity conducted by BNP Paribas. "BNP Paribas Wealth Management" (UEN/Registration No 53347235X) is a business name registered in Singapore under the Business Names Registration Act 2014.

This document is produced for general information only and should not be used as reference for entering into any specific transaction, and the information and opinions contained herein should not be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient or the seeking of independent professional advice (such as financial, legal, accounting, tax or other advice) by any recipient. This document is not intended to be an offer or a solicitation to buy or to sell or to enter into any transaction. In addition, this document and its contents is not intended to be an advertisement, inducement or representation of any kind or form whatsoever. BNP Paribas reserves the right (but is not obliged) to vary the information in this document at any time without notice and, save to the extent provided otherwise in Clause 6.5 of BNP Paribas Wealth Management's Terms and Conditions ("T&Cs") applicable to your account, BNP Paribas shall not be responsible for any consequences arising from such variation.

The terms set forth herein are intended for discussion purposes only and are subject to the final expression of the terms of the transaction, if the investor decides to proceed with the transaction. It does not represent (a) the actual terms on which a transaction would be entered into, (b) the actual terms on which any existing transactions could be unwound, (c) the calculation or estimate of an amount that would be payable following an early termination of the transactions, or (d) the actual valuations given to the transactions by BNP Paribas in its books of account for financial reporting. The final terms of the transaction will be set forth in the final term sheet, any applicable agreement and/or confirmation. Please also refer to the disclaimer statements contained in the relevant documents, and disclosure and other important

information concerning our fees, charges and/or commissions as set out in the Fee Schedule.

If this document is a post-trade/transaction confirmation, please examine the information as set out in this document carefully and contact us immediately if you notice any discrepancy. The content of this document is subject to the final transaction(s) details / information in our official bank statements and/or advices (if any) which may follow by mail. This document contains confidential information intended only for the use of the addressee(s) named above. If you are not the addressee(s), you must not disseminate, copy or take any action in reliance on it. If you have received this document by error, please notify BNP Paribas and delete/destroy this document immediately.

Although the information and opinions provided herein may have been obtained or derived from published or unpublished sources considered to be reliable and while all reasonable care has been taken in the preparation of this document, BNP Paribas does not make any representation or warranty, express or implied, as to its accuracy or completeness and, save to the extent provided otherwise in Clause 6.5 of the T&Cs applicable to your account, BNP Paribas shall not be responsible for any inaccuracy, error or omission. All analysis, estimates and opinions contained in this document constitute BNP Paribas' own judgments as of the date of this document, and such expressions of opinion are subject to change without notice. Information provided herein may contain forward-looking statements. The words "believe", "expect", "anticipate", "project", "estimate", "predict", "is confident", "has confidence" and similar expressions are also intended to identify forward-looking statements. These forward-looking statements are not historical facts but based on the current beliefs, assumptions, expectations, estimates, and projections of BNP Paribas in light of the information presently available, and involve both known and unknown risks and uncertainties. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond control and are difficult to predict. Consequently, actual results could differ materially from those expressed, implied or forecasted in these forward looking statements. Investors should form their own independent judgment on any forward-looking statements and seek their own advice from professional advisers to understand such forward-looking statements. BNP Paribas does not undertake to update these forward looking statements. Where investors take into account any theoretical historical information regarding the performance of the product/investment, investors should bear in mind that any reference to past performance should not be taken as an indication of future performance. BNP Paribas is not



DISCLAIMER

giving any warranties, guarantee or representation as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit of any investment/ transaction. Save to the extent provided otherwise in Clause 6.5 of the T&Cs applicable to your account, no BNP Paribas group company or entity therefore accepts any liability whatsoever for any loss arising, whether direct or indirect, from the use of or reliance on this document or any part of the information provided.

Structured transactions are complex and may involve a high risk of loss including possible loss of the principal invested. If any product mentioned in this document is a structured product which involves derivatives, do not invest in it unless you fully understand and are willing to assume the risks associated with it. If you are in any doubt about the risks involved in any product/transaction, you should seek independent professional advice.

Prior to entering into any transaction, each investor/subscriber should fully understand the terms, conditions and features of the product/investment as well as the risks, the merits and the suitability of entering into any transaction/investment including any market risk associated with the issuer, and consult with their own independent legal, regulatory, tax, financial and accounting advisors before making the investment. Investors/subscribers should fully understand the features of the investment, be financially able to bear a loss of their investment and be willing to accept all risks involved. Save as otherwise expressly agreed in writing, (a) where BNP Paribas does not solicit the sale of or recommend any financial product to the investor/subscriber, BNP Paribas is not acting as financial adviser of the investor/subscriber in any transaction, and (b) in all cases, BNP Paribas is not acting as fiduciary of the investor/subscriber with respect to any transaction.

BNP Paribas and/or persons associated or connected with it may effect or have effected a transaction for their own account in a product/an investment described in this document or any related product before or after this document is published. On the date of this document, BNP Paribas and/or persons associated or connected with it and their respective directors and/or representatives and/or employees may take proprietary positions and may have a long or short position or other interests or make a market in a product mentioned in this document, or in derivative instruments based thereon, and may purchase and/or sell the investment(s) at any time in the open market or otherwise, whether as principal or as agent or as market maker. Additionally, BNP Paribas and/or persons associated or connected with it may have within the previous twelve months acted as an investment banker or may have provided significant

advice or investment services to the companies or in relation to a product mentioned in this document.

This document is confidential and intended solely for the use of BNP Paribas and its affiliates, their respective directors, officers and/or employees and the persons to whom this document has been delivered. It may not be distributed, published, reproduced or disclosed by any recipient to any other person, nor may it be quoted or referred to in any document, without the prior written consent of BNP Paribas.

Hong Kong: This document is distributed in Hong Kong by BNP Paribas, acting through its Hong Kong branch only to Professional Investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571). The products or transactions described in this document may not be authorised in Hong Kong and may not be available to Hong Kong investors.

Singapore: This document is distributed in Singapore by BNP Paribas, acting through its Singapore branch only to Accredited Investors within the meaning of the Securities and Futures Act 2001 only and is not intended for investors in Singapore who are not such Accredited Investors and should not be passed on to any such persons. Some products or transactions described in this document may not be authorised in Singapore and may not be available to Singapore investors.

Where this document is distributed by BNP Paribas to a person in Singapore who is not an Accredited Investor, Expert Investor or an Institutional Investor, BNP Paribas, acting through its Singapore branch accepts legal responsibility for the contents of this document to such person only to the extent required by applicable law.

Save to the extent provided otherwise in Clause 6.5 of the T&Cs applicable to your account, information in this document is for general circulation to the intended recipients only and is not intended to be a recommendation or investment advice to recipients hereof. A recipient of this document should seek advice from its/his/her own professional adviser regarding the suitability of the products or transactions (taking into account the recipient's specific investment objectives, financial situation and particular needs) as well as the risks involved in such products or transactions before a commitment to purchase or enter into any product or transaction is made.

Please note that this document may relate to a product or products where BNP Paribas is issuer, and in such instance this document or certain information contained therein may have been prepared by BNP Paribas in its capacity as product issuer ("Issuer Document").



DISCLAIMER

Where an Issuer Document is provided to you by BNP Paribas, acting through its Hong Kong branch or BNP Paribas, acting through its Singapore branch in its capacity as distributor, it shall also be subject to Clause 6.5 of the T&Cs. To the extent that there are any inconsistency between the terms of an Issuer Document and Clause 6.5 of the T&Cs, the latter shall prevail.

Generally, please take note that various potential and actual conflicts of interest may arise from the overall investment activities or the roles of the parties involved in any investment product or transaction, their investment professionals and/or their affiliates. In particular, the counterparty / issuer / provider or its related entities or affiliates can offer or manage other investments which interests may be different to the interest of your investments in that investment product or transaction; or for cases where the product counterparty or issuer is BNP Paribas or its related entity or affiliate, BNP Paribas may also act as distributor, guarantor, calculation agent and/or arranger of the same product. BNP Paribas and its affiliates and persons associated or connected with it (collectively "BNP Paribas Group") may make a market in, or may, as principal or agent, buy or sell securities mentioned in this document or derivatives thereon. BNP Paribas Group may have a financial interest in the issuers mentioned in this document, including a long or short position in their securities, and/or options, futures or other derivative instruments based thereon. BNP Paribas Group, including its officers and employees may serve or have served as an officer, director or in an advisory capacity for any issuer mentioned in this document. BNP Paribas Group may, from time to time, solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) within the last 12 months for any issuer referred to in this document. BNP Paribas Group may, to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis on which it was based, before its publication. Members of the BNP Paribas Group may face possible conflicts of interest in connection with certain duties under structured products. For example, it and its affiliates may trade an underlying for their own account or for the account of others. It or its affiliates may receive a portion of the management or other fees charged with any of the underlyings. BNP Paribas may offer other services to entities associated with an underlying, for which they may be remunerated. All of these activities

may result in conflicts of interest with respect to certain financial interests of BNP Paribas.

Where this document includes a reference to real estate, please note that real estate service offered in Hong Kong by BNP Paribas, acting through its Hong Kong branch exclusively relates to real estate properties outside Hong Kong. Specifically, BNP Paribas, acting through its Hong Kong branch is not licensed to deal with any real estate property situated in Hong Kong. BNP Paribas, acting through its Singapore branch is not licensed to and does not offer real estate service, and nothing herein should be construed as such.

BNPP clients and counterparties are responsible for ensuring that they comply with applicable provisions of Executive Order (EO) 13959, as amended (and any subsequent official guidance). For the full details of the EO, you may want to consult the following websites: For the EO itself, <https://home.treasury.gov/system/files/126/13959.pdf>, and for the latest guidance on this EO provided by the OFAC, <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions>.

By accepting this document, you agree to be bound by the foregoing limitations. In case there is a Chinese version and there is any ambiguity or difference of meaning between the English version and the Chinese versions, the English version shall prevail. In respect of any transactions or arrangement with BNP Paribas, acting through its Singapore branch, the English version is the only operative version and the Chinese version shall be disregarded.

You may contact BNP Paribas, acting through its Singapore branch at 10 Collyer Quay, #35-01 Ocean Financial Centre, Singapore 049315; Tel: (65) 6210 3888; Fax: (65) 6210 3861 in respect of any matters arising from, or in connection with, this document. This paragraph does not apply to you if you are (a) not resident in Singapore and you are (b) served by a Relationship Manager in Hong Kong. If you satisfy (a) and (b), you may contact BNP Paribas, acting through its Hong Kong branch at 63/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong; Tel: (852) 2909 8888, in respect of any matters arising from, or in connection with, this document.

Photo credit: © Getty Images

© BNP Paribas (2022). All rights reserved.

