

Policy on Conflicts of Interest (Summary)

HSBC Holdings plc, its subsidiaries and associates (HSBC Group) is a global organisation which provides an extensive range of financial services to its customers around the world. In Japan, HSBC Group entities include branches of The Hongkong and Shanghai Banking Corporation as well as HSBC Securities (Japan) Co., Ltd. and HSBC Asset Management (Japan) Limited.

As the HSBC Group engages in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investments it is possible that companies or businesses within the HSBC Group may from time to time potentially have interests which conflict, or potentially conflict, with its customers' interests or with the duties that it owes to its customers.

The types of conflicts include (a) those arising between the interests of HSBC on the one hand and with the interests of its customers on the other, (b) those conflicts between different customers, and (c) conflicts between an employee of HSBC Group and a customer.

For example, HSBC Group may trade proprietary positions in a security when at the same time another business or entity within HSBC Group may have information about future transactions with customers in relation to that security. HSBC Group may also provide advisory and financing services to one customer in respect of a bid and seek to provide financing services to another customer in respect of the same bid.

HSBC Group has therefore established comprehensive Conflict of Interest Management procedures which are designed to identify and manage such potential conflicts of interest. A key element of such procedures is that HSBC Group staff engaged in different business activities involving a potential conflict of interest must carry on those activities independently of one another.

In Japan, the Compliance Department, which is managed independently from business departments, is the responsible department for Conflict of Interest Management. The Compliance Department identifies potential conflicts of interest by monitoring the necessary business information and where applicable taking appropriate measures to manage and control conflicts of interest when they arise. These control procedures

include organisational measures and administrative arrangements to safeguard the interests of customers and clients.

Where necessary, HSBC Group maintains arrangements which restrict the flow of information to certain employees in order to protect its customers' interest and to prevent improper access to customer information. Rules are also in place to prevent insider dealings by employees of HSBC Group.

In certain circumstances, HSBC Group may consider it appropriate to disclose a potential conflict of interest to a customer and obtain the customer's formal consent to proceed. However, HSBC Group will decline to act in any circumstance where a customer declines to give consent or where it considers that the potential conflict of interest cannot be managed without risk of damage to the interest of any customer.

The scope of conflicts of interest management is the activities of The Hongkong and Shanghai Banking Corporation Limited, HSBC Securities (Japan) Co., Ltd., HSBC Asset Management (Japan) Limited and all other HSBC Group companies worldwide which engage in financial business. Please be advised that HSBC Asset Management (Japan) Limited does not share individual customer information with remaining HSBC Group companies.

Any customer requiring more details of our Conflict of Interest Management procedures should contact their Relationship Manager or other contacts at any of HSBC's offices in Japan.