

ESAL conflicts of interest management policy

Introduction

Evolution Securities Asia Limited ("ESAL") (registered as a private limited company in Hong Kong No. 767744 and Shanghai No. 19347), which is authorized and regulated in Hong Kong by the Securities and Futures Commission ("SFC") for the conduct of investment business (SFC Regulatory No.: AHA145) and also authorized in the Peoples Republic of China by the China Securities Regulatory Commission ("CSRC") (CSRC Regulatory No. : (2008)874).

The policy below sets out the systems, controls and procedures that ESAL has in place to manage potential conflicts of interest.

ESAL is committed to ensuring that its research is of the highest quality. We have a number of controls in place to ensure that the independence of our analysts is not compromised. We also have systems and controls in place to ensure that access to confidential and price sensitive information is restricted and that the research we produce is a true reflection of the analysts' opinion, based on his/her knowledge of both the sector and the company.

Conflicts disclosures

ESAL provides a number of services to a range of companies and as a result we have commercial relationships with several companies that we research. Where a conflict exists we will disclose the nature of the relationship on the published research. We will also disclose whether we make a market in the securities of the covered company.

All research recommendations published by ESAL will prominently set out any major shareholdings exceeding 1% of the total issued capital of the firm, that exist between the issuer of securities and any company within Evolution Group.

For factual accuracy, we provide the companies we research an opportunity to review the draft document prior to publication. We clearly disclose on our published research, whether the document was reviewed and whether any changes were made following this review.

Potential conflicts

As a result of the range of investment activities carried out within the Evolution Group, there are a number of instances which may give rise to potential conflicts of interest within the organisation. These activities include;

The ESAL Corporate Finance department is entirely ring-fenced from the rest of the Group to ensure that no inside information is disseminated elsewhere in the organisation. Where other members of the Group are made 'insiders', the compliance department manages a Wall Crossing policy.

Agency orders are received by a dedicated team of staff, who pass the clients orders to approved third party brokers to execute orders fairly and in due turn. Unexecuted client orders may not be transmitted to any other member of staff.

Analysts are not allowed to distribute Investment Research within the Group prior to publication to clients. In addition, there are a number of restrictions for all staff where ESAL is due to publish research for a particular security.

The Evolution Group comprises a number of regulated entities, all of which are segregated from other Group entities by physical location and by IT networks.

Personal account dealing

Evolution Group has a policy to restrict personal account dealing by staff in line with regulatory requirements; all staff dealing is monitored for adherence to this policy. This policy includes a restriction on staff from dealing in stocks where ESAL intends to publish a research note within the next 3 business days or on the day of publication.

In addition, ESAL has a policy that is designed to prevent Analysts from buying and selling stocks that he/she covers. All Analysts are prevented from dealing in stocks where ESAL intends to publish a research note within 30 days prior to and 3 business days after publication.

A copy of this policy is available upon request.

Gifts and entertainments policy

ESAL and ESCL has a policy designed to prevent all staff (including analysts) from accepting gifts or entertainments worth more than HK\$1,000/£250 respectively, without prior approval from both the compliance department and the head of their department.

Analysts' involvements in other areas of ESAL business

ESAL may in some cases use the expertise of our analysts to assist in its corporate finance activities.

If an analyst comes into possession of price sensitive information, ESAL policies are designed to prevent the analyst from issuing any research for which that information would be relevant. The analysts are not permitted to disclose the nature of the information to any other departments within ESAL and may only discuss such information with other individuals who are registered with the compliance department as being insiders.

Analyst remuneration

It is ESAL policy that research analysts' are not compensated on the basis of their involvement in specific ESAL investment banking activities directly.

Publication of Investment Research

Where ESAL publishes Investment Research it does so only through its usual distribution channels to all relevant clients, on a consistent basis. Our procedures ensure that the timing of research material intended for publication, is distributed to clients on an equal basis and is not distributed internally prior to client distribution.