

Conflicts of Interest Policy Summary

1 Introduction

Haitong International (UK) Limited ('Haitong International') and its affiliates provide services to our clients in the course of carrying on regulated financial activities or providing regulated services and, in doing so, situations may be encountered that give rise to actual or potential conflicts of interest.

2 Policy

Haitong International is required to take all appropriate steps to identify and to prevent conflicts of interest between:

- a) Haitong International (including its managers and employees) or any person directly or indirectly linked to Haitong International, and a client; or
- b) one client and another client.

Haitong International has therefore established, implemented and will maintain a Conflicts of Interest Policy.

3 Identifying conflicts

Haitong International has systems and controls in place to identify actual or potential conflicts of interest.

4 Types of conflicts

For the purposes of identifying the types of conflict that arise, or may arise, Haitong International takes into account, as a minimum, whether Haitong international or a relevant person (including directors, managers, employees and contractors) or a person directly or indirectly linked by control to Haitong International:

- a) is likely to make a financial gain or avoid a financial loss at the expense of the client;
- b) has an interest in the results of a service provided to the client or an operation carried out on behalf of the client which is distinct from the client's interest in the outcome;
- c) has a benefit, financial or otherwise, to favour the interest of another client or group of clients over the interests of the client;
- d) carries out the same activities as the client;
- e) receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of monetary or non-monetary benefits or services.

The conflict of interest may result from Haitong International providing a service or engaging in any other activity or otherwise.

The circumstances which are treated as giving rise to a conflict of interest cover cases where there is a conflict between the interests of Haitong International or certain persons connected with Haitong International or its group and the duty Haitong International owes to a client; or between the differing interests of two or more of its clients, to whom Haitong International owes in each case a duty. It is not enough that the firm may gain a benefit if there is not also a possible disadvantage to a client, or that one client to whom Haitong International owes a duty

may make a gain or avoid a loss without there being a concomitant possible loss to another such client.

5 Record of conflicts

Haitong International keeps and regularly updates a record in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise.

6 Managing conflicts

Haitong International maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of its clients.

These procedures and measures are:

- a) designed to ensure that relevant persons engaged in different business activities involving a conflict of interest carry on those activities at an appropriate level of independence within Haitong International and the group to which either of them respectively belongs, and to the materiality of the risk of damage to the interests of clients; and
- b) include such of the following as are necessary and appropriate for Haitong International to ensure the requisite degree of independence:
 - i. effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
 - ii. the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the firm;
 - iii. the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
 - iv. measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out services or activities; and
 - v. measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services or activities where such involvement may impair the proper management of conflicts of interest.

If the adoption or the practice of one or more of those measures and procedures does not ensure the requisite level of independence, Haitong International will adopt such alternative or additional measures and procedures as are necessary and appropriate for the purposes of taking all reasonable steps.

In the context of independent investment research, Haitong International has in place arrangements that are designed to ensure that:

- (a) financial analysts or other employees or Directors do not undertake personal account transactions in financial instruments to which investment research relates, or in any related financial instruments, with knowledge of the likely timing or content of that investment research which is not publicly available or available to clients and cannot readily be inferred from information that is so available, until the recipients of the investment research have had a reasonable opportunity to act on it;

- (b) in circumstances not covered by point (a), financial analysts and any other employees or Directors involved in the production of investment research do not undertake personal account transactions in financial instruments to which the investment research relates, or in any related financial instruments, contrary to current recommendations, except in exceptional circumstances and with the prior approval of a member of Haitong International's Compliance department;
- (c) a physical separation exists between the financial analysts involved in the production of investment research and other persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated or, when considering the nature, scale and complexity of Haitong International's business, appropriate information barriers have been established and implemented;
- (d) Haitong International itself, financial analysts, and other relevant persons involved in the production of the investment research do not accept inducements from those with a material interest in the subject-matter of the investment research;
- (e) Haitong International itself, financial analysts, and other relevant persons involved in the production of the investment research do not promise issuers favourable research coverage.

7 Disclosure of conflicts

Where Haitong International's arrangements for managing conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Haitong International will make a clear disclosure to the client before undertaking business for the client.

8 Review

Haitong International's senior management reviews the Conflicts of Interest Policy.

9 Limitation

This document is prepared and published in order to comply with relevant European Union rules and regulations, including the rules of the Financial Conduct Authority, and is not intended to create third party rights or duties or to form part of any contractual agreement between Haitong International and any client.

This summary may be reviewed and amended at any time.