

**Product Fact Sheet (Pre-Contract Explanation Sheet) “Dual Currency Deposit”
(Structured Deposit Redeemable in Alternative Currency)**

(This is a “Pre-Contract Explanation Sheet” that is required to be delivered pursuant to applicable laws and regulations.)

PLEASE READ THIS DOCUMENT CAREFULLY.

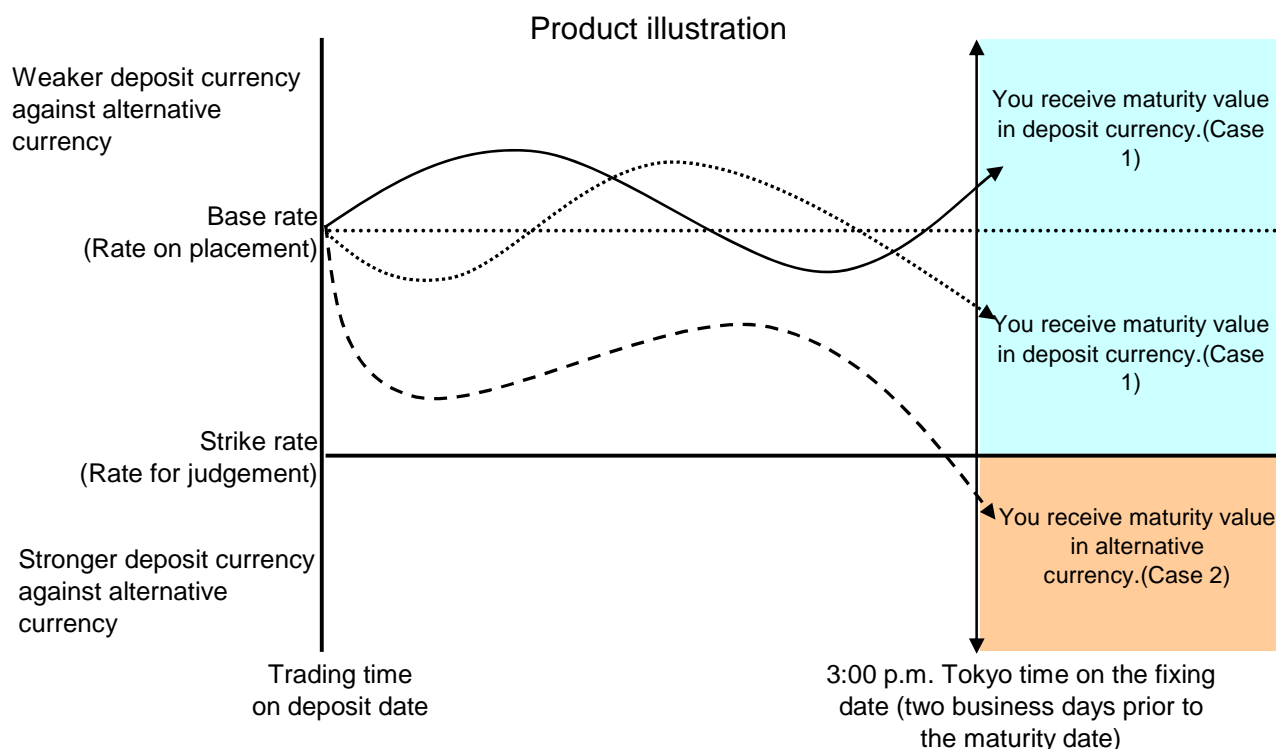
- “Dual Currency Deposit” (Structured Deposit Redeemable in Alternative Currency) (the “Deposit”) is a deposit in which the principal may be repaid after being converted into the alternative currency at the strike rate (not at the spot foreign exchange rate) upon the maturity date, depending on the spot foreign exchange rate on the date to which the strike rate is applied.
- In principle, the Deposit cannot be canceled before maturity. If the Deposit is canceled before the maturity date for a reason that the Hongkong and Shanghai Banking Corporation Limited (the “Bank”) considers unavoidable, the Bank may require the customer to immediately pay the Cancellation Damages that is calculated according to the Bank’s formula. It should be noted that the cancellation before maturity may reduce not only your interest received to zero but also the original principal.
- If converting the repaid principal into the deposit currency at the spot rate on the redemption date immediately after the principal was repaid in the alternative currency, the amount of the principal in the deposit currency may be lower than the amount of the original deposit.

- If you convert the repayment in the alternative currency into the initial deposit currency, such conversion will be done at the exchange rate which includes the foreign exchange fees as prescribed by the Bank (Please see page 7). (TTB rate will be applied in case converting foreign currency into JPY.) When converting a foreign currency into another foreign currency, exchange fees for both currencies will be born since the foreign currency is first converted to JPY at TTB rate and then converted to the other currency at TTS rate.
- The principal may be repaid after being converted into the alternative currency at the strike rate (not at the spot foreign exchange rate) upon the maturity date, depending on the spot foreign exchange rate on the date to which the strike rate is applied. Usually, this case gives disadvantage to customers compared to converting at the spot rate.
- When the principal is repaid in the deposit currency, the customer cannot receive the benefits of depreciation of the deposit currency, even if the spot foreign exchange rate of the deposit currency on the redemption date is weaker against the alternative currency than the spot rate on the deposit date.

【Business name/Address】 The Hongkong and Shanghai Banking Corporation Limited (the “Bank”)
HSBC building, 11-1 Nihonbashi 3-chome, Chuo-ku, Tokyo, TEL0120-777-268

1. Product summary

- * The Deposit is a structured deposit that contains a special clause whereby the currency of the money deposited and that of repayment at maturity may differ. The currency of the principal repaid at maturity will be determined based on the following conditions. The currency of the money deposited is referred to as “deposit currency” and that of repayment at maturity is referred to as “alternative currency.”



Case 1 (Where there is no change in the currency)

If the spot foreign exchange rate of the deposit currency at 3:00 p.m. Tokyo time on the date to which the strike rate is applied (two business days prior to the maturity of this deposit) is weaker against the strike rate that the customer has previously chosen, the principal and the interest will be repaid in the deposit currency.

Case 2 (Where there is a change in the currency)

If the spot foreign exchange rate of the deposit currency at 3:00 p.m. Tokyo time on the date to which the strike rate is applied (two business days prior to the maturity of this deposit) is equal to or stronger against the strike rate that the customer has previously chosen, the principal will be repaid after being converted to the alternative currency not at the spot foreign exchange rate on the maturity date but at the strike rate. In this case, the principal that is converted in deposit currency yen after the maturity may be lower than the initial deposit depending on the market rate, even if the after-tax interest is added to it. It should be noted that interest will be repaid in the deposit currency.

2. Product details

- 1) Product name
Dual currency deposit (Structured Deposit redeemable in foreign currency)
- 2) Eligible customers
An individual customer who has an account with the Bank
- 3) Available currencies (Deposit currency)

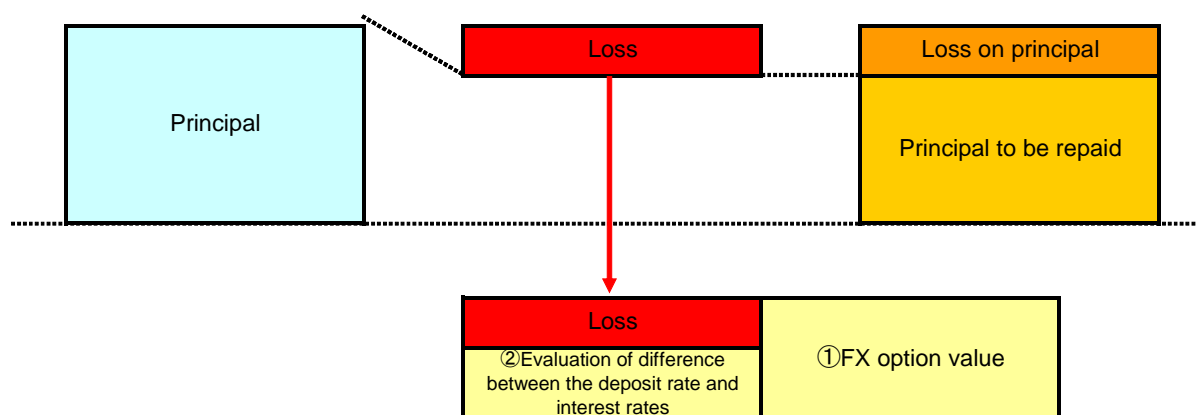
Deposit currency can be chosen among the following nine currencies:

Japanese yen (JPY), Euro (EUR), Pound (GBP), Australian dollar (AUD), New Zealand dollar (NZD), US dollar (USD), Swiss franc (CHF), Canadian dollar (CAD) and Hong Kong dollar (HKD)

- 4) Deposit period
You may determine any deposit period between one week and around one year. The Deposit will automatically terminate upon maturity.
- 5) Alternative currency
Alternative currency can be chosen among the following nine currencies:
EUR, GBP, AUD, NZD, USD, CHF, CAD, HKD and JPY
For deposit currency and alternative currency the combination of USD and HKD is not available.
- 6) Deposit amount
Minimum deposit amount: JPY800,000.
If Deposit currency is not JPY, it should be the amount equivalent to USD7,500.
- 7) Deposit unit
1 auxiliary currency unit
- 8) Deposit method
A lump sum deposit. Please note that the Customer is not allowed to deposit foreign cash directly into account.
- 9) Service hours
Services are available from 9:00 a.m. to 3:00 p.m. on weekdays.
It should be noted that the offering of this Deposit may be suspended at the discretion of the Bank based on changes in market conditions and so on.
- 10) Strike rate
Strike rate refers to an exchange rate between the deposit currency and the alternative currency, based on which the currency of the principal to be repaid at maturity is determined. Strike rate also refers to a conversion rate at which the principal in the deposit currency is converted to the alternative currency. Strike rate will be determined based on the "Base rate" that the Bank determines based on the spot foreign exchange rate between the deposit currency and the alternative currency at the transaction, plus a certain range that the Bank offers. The customer will choose a level of strike rate at the subscription.
Please confirm with the bank counter or the staff in charge for details.
- 11) Judgment on strike rate
In principle, the Bank will judge whether the repaid principal at maturity is made in either the deposit currency or the alternative currency, based on the spot foreign exchange rate between the deposit currency and the alternative currency at 3:00 p.m. Tokyo time on the date to which the strike rate is applied (two business days before the maturity date of the Deposit). If the Bank judges that the spot foreign exchange rate of the deposit currency is equal to or stronger against the strike rate, the principal at maturity will be repaid in the alternative currency. On the other hand, if the Bank judges that the spot foreign exchange rate of the deposit currency is weaker against the strike rate, the principal at maturity will be repaid in the deposit currency.
Exceptionally, if the combination of the initially investment currency and the alternative currency are US dollar and Canadian dollar, the currency of the repayment of the principal will be determined based on the spot foreign exchange rate at 3:00 p.m. Tokyo time one business day prior to the maturity date.
- 12) Method of repayment of principal
Principal will be repaid on or after the maturity date in a lump sum.
 - a) With the judgment on strike rate if the currency of the repaid principal on maturity date is determined in the deposit currency, the principal will be credited to the customer's savings account in the same currency as the deposit currency.
 - b) With the judgment on strike rate if the currency of the repaid principal on maturity date is determined to the alternative currency, the principal will be converted in the alternative currency at the strike rate and then credited to the customer's savings account in the same currency as the alternative currency.
In case that the conversion is between foreign currencies, the amount in the deposit currency is once converted to JPY and the JPY amount is converted to the alternative currency. As a result the figure in the two decimal places may be different from the one calculated by simple method.

- 13) Note on fluctuation in foreign exchange rates
Depending on the market rate, an exchange loss may be incurred and the principal at maturity received in the deposit currency (deposit currency equivalent value at the exchange rate at the time of maturity) may be lower than the initial deposit in the deposit currency.
- 14) Applicable interest rate
The interest rate agreed at the time when the deposit is commenced will be applied until the maturity date.
- 15) Interest payment method
Interest will be credited to the customer's savings account in the same currency as the deposit currency on the maturity date collectively.
- 16) Interest calculation method
Interest will be paid in one auxiliary currency unit of the Deposit, calculated on a per diem basis using a 365-day year.
- 17) Handling of proceeds at maturity and the method of communication with the customer
The Deposit will automatically terminate upon maturity. Repayment at maturity will be credited to a designated account .
- 18) Taxes
A 20% income tax (National tax: 15%, Local tax: 5%) on interest earned on this Deposit will be withheld.
- 19) Commissions
No commission will be charged for opening the Deposit.
However, if you convert the repayment at maturity in the alternative currency into the initial deposit currency, such conversion will be done at the exchange rate which includes the foreign exchange fees as prescribed by the Bank (Please see page 7). (TTB rate will be applied in case converting foreign currency into JPY.) When converting a foreign currency into another foreign currency, exchange fees for both currencies will be born since the foreign currency is first converted to JPY at TTB rate and then converted to the other currency at TTS rate.,
A separate commission will be charged for a foreign currency remittance. The commission per remittance is up to 4,000 Japanese yen. For details, please contact the staff in charge.
- 20) Special clause that can be added
None
- 21) Handling of cancellation before maturity
In principle, the Deposit cannot be canceled before maturity. If the Deposit is canceled before the maturity date for a reason that the Bank considers unavoidable, the Bank may require the customer to immediately pay the Cancellation Damages that is calculated according to the Bank's formula. It should be noted that the cancellation before maturity may reduce not only your interest received to zero but also, depending on the market conditions, the original principal. For specific figures, please confirm with the staff in charge or the bank counter.
- 22) Cancellation Damages
 - a) Cancellation Damages refers to actual losses and expenses incurred by the Bank as a result of the cancellation of this Deposit and associated derivatives transactions in the financial markets including the foreign exchange, capital and currency options markets.
 - b) Consequently, the amount of the Cancellation Damages cannot be fixed at the time the agreement for this Deposit is concluded. The amount of the Cancellation Damages is changeable depending on the market conditions.
 - c) The amount of the Cancellation Damages fluctuates depending on the market conditions with the main factors including the value of the currency option, and the level of interest rates at the time of cancellation before maturity and the number of remaining days until the maturity.
 - d) Even when the markets do not change at all, a Cancellation Damages that is equivalent to around 2-6% of the principal may be incurred. (Such cost may vary depending on such factors as the amount of deposit and period.)
 - e) For the specific amount of the Cancellation Damages, please confirm with the bank counter or the staff in charge.

Repayment of principal at the time of cancellation before maturity
Illustration of loss at the time of cancellation before maturity



In general, the stronger the deposit currency and shorter the time elapsed since the date of deposit, the larger the Cancellation Damages.

23) Enquiries

The Hongkong and Shanghai Banking Corporation Limited (the “Bank”) / HSBC building, 11-1 Nihonbashi 3-chome, Chuo-ku, Tokyo, TEL0120-777-268

24) Restriction on the transfer of the deposit

The Deposit cannot be transferred.

25) Deposit Insurance System

The Deposit Insurance System does not apply to the Deposit.

26) Authorized Investor Protection Association to which the Bank belongs

Nil.

27) Designated Dispute Resolution Body which the Bank has concluded an agreement with

全国銀行協会(Japanese Bankers Association)

Contact information JBA Customer Relations Center Phone 0570-017109 or 03-5252-3772

28) Interest Information

For interest rate, please contact the branch mentioned in 23) the Enquiries above

3. Important reminders

- 1) Please consult a professional, e.g. a certified tax accountant, for your tax matters.
- 2) Handling of the Deposit may be suspended at the discretion of the Bank because of changes in market conditions and so on.
- 3) Please apply for this Deposit at your own risk, fully understanding the details of the product (economic effect, risks, etc).

4. Simulation

Figures described below are to assist the understanding of the Deposit's structure. Conditions will be different at the actual purchase. Please be sure to confirm the description of Confirmation of Risks/Application form before signing a contract.

Date applied for deposit (Deposit setup date): November 19, 2007

Deposit currency: Japanese yen

Alternative currency: US dollar

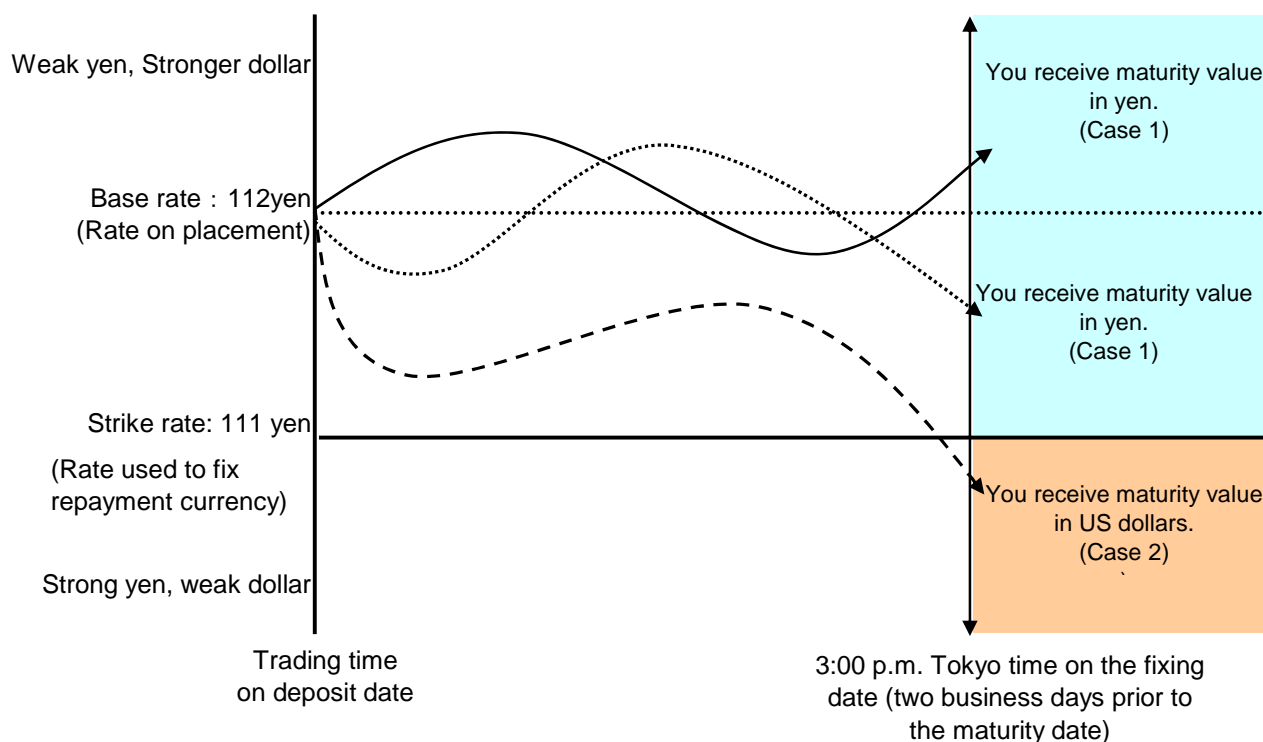
Maturity date: December 19, 2007

Deposit period: 30 days

Date to which strike rate is applied: December 17, 2007 (two business days prior to the maturity date)

Simulation on Dual Currency Deposit

deposit currency	Yen
Alternative currency	US Dollar
Deposit ammount	JPY10,000,000
Deposit period	30 Days
Date of deposit	19/11/2007
Fixing date	17/12/2007
Maturity date	19/12/2007
Base rate	USD1=JPY112
Strike rate	USD1=JPY111
Interest Rate(Annual, Pre-tax)	8.60%
Interest Rate(Annual, After-tax)	6.88%



If the principal deposited is 10 million yen

Case (1)

If the currency received at maturity is Japanese yen

→ At 3:00 p.m. Tokyo time on the date to which strike rate is applied, if the Bank judges that the spot foreign exchange rate of JPY is weaker against the strike rate,

Interest received (before tax) JPY70,685

Interest received (after tax) JPY56,549

Total principal and interest received (after tax) JPY10,056,549

(Principal and after-tax interest is credited to the Japanese Yen savings account on the maturity date.)

Case (2)

If the currency received at maturity is US dollars

→ At 3:00 p.m. Tokyo time on the date to which strike rate is applied, if the Bank judges that the spot foreign exchange rate of JPY is equal to or stronger against the strike rate,

Interest received (before tax) JPY70,685

Interest received (after tax) JPY56,549

Principal USD90,090.09

Total principal and interest received (after tax) principal of USD90,090.09 and interest received of JPY56,549

* On the maturity date the principal is converted from Japanese yen into the alternative currency not at the spot foreign exchange rate on maturity date but at the strike rate, and credited to the savings account in the same currency as the alternative currency.

The exchange rates, interest rates and other data used in the simulation above are illustrative, and actual conditions in the agreement may be different.

Foreign Exchange Fees Schedule (Foreign vs. JPY)

Currency	One-way	Two-way
USD US dollar	1.00	2.00
EUR Euro	1.20	2.40
GBP Sterling pound	4.00	8.00
AUD Australian dollar	2.00	4.00
NZD New Zealand dollar	2.00	4.00
CHF Swiss franc	0.80	1.60
CAD Canadian dollar	1.60	3.20
HKD Hong Kong dollar	0.30	0.60

Fee in YEN per Foreign Currency Unit

Depending on the transaction amount, preferential foreign currency exchange fees may apply.