

Client's Knowledge of Derivatives Survey

To: Luen Fat Securities Company Limited

Date:

Introduction

Under paragraph 5.1A of the Code of Conduct of Securities and Futures Commission, an intermediary should, as part of the know your client procedures, assess a client's knowledge of derivatives and characterize the client based on such knowledge. Customers trading derivative products which trade on the Hong Kong Exchange (including derivative warrants, callable bull/bear contracts and exchange-traded funds e.t.c.) using the Securities Trading Service with Luen Fat Securities Company Limited should therefore read and confirm that they understand the risks associated with derivative products.

Risk Disclosure for Derivative Products (Apply to Securities Account)

Risk of Securities Trading

Transactions conducted through the securities account may involve high-risk investment instruments, customers should prudently consider before making any investment decision. The price of securities fluctuates, sometimes dramatically. The price of securities may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.

Risk of Warrants and Callable Bull/Bear Contracts (CBBCs) Trading

The price of the warrants and CBBCs may fall in value as rapidly as it may rise and investors may sustain a total loss of their investment. Past performance of the underlying asset is not an indication of future performance. Customers should ensure that they understand the nature of the warrants and CBBCs and carefully study the risk factors set out in the relevant listing documents of the warrants and CBBCs and, where necessary, seek professional advice. Warrants that are not exercised will have no value upon expiry. CBBCs have a mandatory call feature and, when the price of the underlying asset reaches the call price, will be early terminated immediately, in which case: (1) Category N CBBCs investors will not receive any cash payment; and (2) Category R CBBCs investors may receive a cash payment called the Residual Value, which may be zero.

Risk of Exchange-Traded Fund (ETF) Trading

An ETF is meant to track the performance of a specific market or sector. Some ETFs may invest in over-the counter derivatives issued by counterparties. Thus when customers invest in these ETFs, customers will bear both the risks in the securities that make up the index and the credit risk of the issuers of derivative instruments that replicate the performance of those securities. If the derivative counterparty defaults, these ETFs may suffer losses potentially equal to the full value of the derivatives issued by the counterparty. Customers have to understand the investment and index replication strategy of the ETF. Important information is provided in the offering document.

Criteria for Assessing Client's Knowledge of Derivatives

- (1) I have executed five or more transactions in derivative products (whether traded on an exchange or not), eg Derivative Warrants, CBBCs, Stock Options, Futures, Commodities, Structured Products and ETFs, etc within the past three years.
- (2) I have current or previous work experience related to derivative products.*
 (* For corporate client, please provide the names(s) and information relevant to the ultimate person(s) who control(s) the account or make(s) investment decision.)
 Name(s) of Ultimate Person (For corporate clients only): _____
 Position: _____ No of years of experience: _____
 Other Information: _____
- (3) I have undergone relevant training or attended relevant courses on derivative products. *
 (* For corporate client, please provide the names(s) and information relevant to the ultimate person(s) who control(s) the account or make(s) investment decision.)
 Name(s) of Ultimate Person (For corporate clients only): _____
 Please provide details _____
- (4) I/We acknowledge that I/we have read and fully understood the abovementioned "Risk Disclosure for Derivative Products (Apply to Securities Account)". I/We am/are willing to accept the risks associated with trading derivative products.

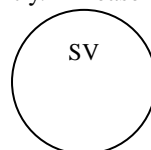
Client Declaration

I/We hereby declare that I/we have fulfilled the abovementioned assessing criterion/criteria as indicated below and provided the relevant information.

Criterion 1 Criterion 2 Criterion 3 Criterion 4

I/We confirm that the answers stated in this form are true and correct and I/we authorize Luen Fat Securities Company Limited to verify such information from any source they may choose.

Client Signature: (All account holders of joint account must sign jointly. Please use the signature(s) field with our company.)



Please ensure: (1) Tick the fulfilled criterion/criteria;
 (2) Affix signature and
 (3) Fill in the account name and account number.

Account Name: _____

Account No: _____

AE Code: _____

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Verified by	Approved by	Input by
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