

Dear Customer,

Re: Position Reporting Requirement of Exchanged Traded Stock Options

Pursuant to Options Trading Rules of the Stock Exchange of Hong Kong Limited (“the Exchange”), Securities and Futures (Contracts Limits and Reportable Positions) Rules and related guidance notes issued by the Securities and Futures Commission (“SFC”), you shall be responsible to report the Exchange your aggregate open option positions held as soon as such position have reached the reportable limit as set forth by the Exchange. An extract of the various limits as set forth in the Operational Trading Procedures for Options Trading Participants is enclosed for your reference. You are also advised to read the Guidance Note on Position Limits and Large Open Position Reporting Requirements issued by the SFC and you can download it from the SFC website www.hksfc.org.hk.

You can either instruct our company to report on your behalf or you can report the position directly to the Exchange yourself. In particular, if you have positions with more than one Options Exchange Participant, you would need to monitor the aggregate total and to report it accordingly. Therefore, it is your responsibility to report the fact that you are approaching the reportable limit. Standard reporting forms are available from the Exchange or any Options Exchange Participant. The report should be forwarded to:

The Stock Exchange of Hong Kong Limited
17/F, Worldwide House,
19 Des Voeux Road,
Central, Hong Kong

Ref. PAS

An Option Exchange Participant can assist you if you would like to approach the Exchange for clearance to exceed the limits.

Yours faithfully,

BOCI Securities Limited

Encl.

Effective 10 February, 2006

Subject to Options Trading Rule 436A, limits are imposed on the open positions any single party (Options Exchange Participant or client) can carry at any one time. Reporting levels, in excess of which a party (Options Exchange Participant or client) is required to report to the Exchange, are also prescribed. The position limits and reporting levels currently applicable are specified in Table 5.9.

Table 5.9

	Option Classes in Appendix N	All Other Option Classes
Position limit (Note 1)	30,000 open contracts per option class in any one market direction for all expiry months combined	50,000 open contracts per option class in any one market direction for all expiry months combined
Reporting level (Note 2)	1,000 open contracts per option class per expiry month	1,000 open contracts per option class per expiry month

Notes:

1. Position Limit – this represents the maximum number of open contracts a single party can hold for any option class in any one market direction for all expiry months combined (N.B. long calls/short puts combined are in one direction and short calls/long puts combined are in another direction).

Example A, if the limit is 30,000 and an Options Exchange Participant is long a total of 27,000 calls and short 3,000 puts in the same option class, it has reached the limit, but if it is long 27,000 calls and long 3,000 puts, it has not.

Example B, if the limit is 50,000 and an Options Exchange Participant is long a total of 35,000 calls and 15,000 puts and short a total of 10,000 puts and 32,000 calls in the same option class, it has not reached the limit, since the positions in one market direction will be 45,000 contracts (long 35,000 calls and short 10,000 puts) and 47,000 contracts (short 32,000 calls and long 15,000 puts).

A Market Maker or an Options Exchange Participant which is, or is holding positions for, a person specified under subsection 4(3) of the Securities and Futures (Contracts Limits and Reportable Positions) Rules may hold positions in excess of the limit prescribed by the Commission under the Securities and Futures (Contracts Limits and Reportable Positions) Rules provided that it is authorized to do so by the Exchange under 5.12 below.

2. Reporting level – this is the number of open contracts in any one single expiry month of an option class, including all types, strike prices, long and short positions in excess of which a position shall be reported to the Exchange. Where positions exceeding this level are held for a client, the Options Exchange Participant must notify the Exchange of the client’s identity. Positions arising from market making activities that are held by Market Makers in their Registered Trader Accounts are treated as having been reported to the Exchange.

Appendix N: Option Classes with a Lower Position Limit as Specified in Table 5.9

Class Code in HKATS	Underlying Securities
CKI	Cheung Kong Infrastructure Holdings Ltd.
CMH	China Merchants Holdings (International) Co. Ltd.
CRE	China Resources Enterprise, Ltd.
CIT	CITIC Pacific Ltd.
COS	COSCO Pacific Ltd.
HLD	Henderson Land Development Co. Ltd.
HEX	Hong Kong Exchanges and Clearing Ltd.
LIF	Li & Fung Ltd.
SIH	Shanghai Industrial Holdings Ltd.
SWA	Swire Pacific Ltd. 'A'
WHL	Wharf (Holdings) Ltd., The