

SECURITIES AND FUTURES COMMISSION 證券及期貨事務監察委員會
12th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
香港中環皇后大道中十五號置地廣場公爵大廈十二樓

2 January 2002

The Honourable Legislative Council Member,

New Educational Leaflet – “Invest Wisely”

To help retail investors understand the nature of equity-linked notes and the inherent high risks, the Securities and Futures Commission has recently published a new leaflet “Invest Wisely”. It explains the principles underlying equity-linked notes and the risks of investing in these products. The leaflet forms part of our series of investor publications, one of the initiatives in our investor education programme.

Enclosed please find the leaflet in English and Chinese for your reference. Should you wish to obtain additional copies for distribution to members of public in your constituency, please do not hesitate to contact Miss Karen Heung at 2842 7711.

Yours faithfully,

Ivy Lai
Associate Director
Investor Education and Communications

Encl

So, what are the risks and considerations?

- You may suffer capital loss should the price of the underlying shares go against your bet. In extreme cases, you may lose your **ENTIRE** capital.
- The return on investment is predetermined by the terms specified in the ELN. So even if your view of the direction of the underlying stock price is correct, you will not gain more than the specified amount.
- The return payable for the ELN is determined at a specified time on the valuation date, irrespective of the fluctuations in the underlying stock price before or after that specific time.
- Unlike traditional time deposits, there is **NO** guarantee that you will get a return on your investment or any yield.

The ELN is one of many types of equity-linked instruments (ELI). Other types of ELI include the equity-linked deposit, which works on a similar basis to the ELN.

To make the right choice, read and understand the prospectus before you invest.

Electronic Investor Resources Centre (eIRC) at
www.hkeirc.org.

SECURITIES AND FUTURES COMMISSION
12/F Edinburgh Tower, The Landmark,
15 Queen's Road Central, Hong Kong
Tel: 2840 9333 Fax: 2524 3718
Website: www.hksfc.org.hk

Invest Wisely

"When you buy for higher returns, you must be prepared to take higher risks."



SFC
證監會

So, what are the risks and considerations?

- You may suffer capital loss should the price of the underlying shares go against your bet. In extreme cases, you may lose your **ENTIRE** capital.
- The return on investment is predetermined by the terms specified in the ELN. So even if your view of the direction of the underlying stock price is correct, you will not gain more than the specified amount.
- The return payable for the ELN is determined at a specified time on the valuation date, irrespective of the fluctuations in the underlying stock price before or after that specific time.
- Unlike traditional time deposits, there is **NO** guarantee that you will get a return on your investment or any yield.

The ELN is one of many types of equity-linked instruments (ELI). Other types of ELI include the equity-linked deposit, which works on a similar basis to the ELN.

To make the right choice, read and understand the prospectus before you invest.

Electronic Investor Resources Centre (eIRC) at
www.hkeirc.org.

SECURITIES AND FUTURES COMMISSION
12/F Edinburgh Tower, The Landmark,
15 Queen's Road Central, Hong Kong
Tel: 2840 9333 Fax: 2524 3718
Website: www.hksfc.org.hk

Invest Wisely

"When you buy for higher returns, you must be prepared to take higher risks."



SFC
證監會