

## Further Frequently Asked Questions (“FAQs”)

### **IMPORTANT DISCLAIMER:**

**THIS GUIDE HAS BEEN PREPARED FOR INFORMATION PURPOSES ONLY. IT DOES NOT CONSTITUTE LEGAL ADVICE AND IS NOT INTENDED TO BE EXHAUSTIVE. WHILST CARE HAS BEEN TAKEN IN ITS PREPARATION, NO RESPONSIBILITY IS ACCEPTED FOR THE COMPLETENESS OR ACCURACY OF ITS CONTENTS. INTERESTED PARTIES SHOULD NOT RELY ON THIS GUIDE AND SHOULD OBTAIN THEIR OWN LEGAL ADVICE.**

These FAQs have been prepared for the noteholders of notes (the "Noteholders"), commonly referred to as "Minibond", issued under series 10 to 12, 15 to 23 and 25 to 36 of the secured continuously offered note programme of Pacific International Finance Limited (the "Issuer"). The trustee of the notes is HSBC Bank USA, National Association (formerly HSBC Bank USA) (the "Trustee").

Attention is drawn to the disclaimer set out above which should be read before the rest of this document.

#### **Q1 What is the current position of the underlying collateral?**

All underlying collateral is held by the Bank of New York Mellon or its affiliates (“BNYM”) in London, United Kingdom.

As advised by the Trustee in the Notice dated 27 May 2009, the Lehman Brothers US Dollar Liquidity Fund was liquidated in full and the redemption proceeds were reinvested by BNYM in 4-week United States treasury bills. Subsequent to the appointment of the Receivers on 30 June 2009, the proceeds have continued to be reinvested in monthly or quarterly United States treasury bills. These assets represent the majority of the underlying collateral.

The remaining underlying collateral is held in corporate bonds with various maturity dates in 2010 and 2011. Corporate bonds that have matured since the appointment of Receivers have been redeemed in full and reinvested by BNYM in monthly or quarterly United States treasury bills.

#### **Q2 What is the progress in unwinding the Minibond structure?**

The Receivers have been working closely with the Trustee and their professional advisers since their appointment to consider and evaluate the options available to unwind the Minibond structure. The unwinding process will continue to take time due to the complex structure of each Minibond series. This involves complex legal issues arising from the multi-jurisdictional nature of the Minibond structure. Recent conflicting court rulings in different jurisdictions have further complicated the position with respect to realising the underlying collateral and may further delay any satisfactory resolution. The Receivers will act in accordance within their powers to safeguard the interests of the Trustee acting as representative of the Noteholders and other beneficiaries.

**Q3 The Singapore Minibond Receivers announced on 3 February 2010 that the Singapore Noteholders will receive a full and final payout on 12 February 2010 with recoveries for individual series ranging from 21.5% to 70.8% of the original amount invested.**

**Are the recovery ranges in Singapore reflective of the potential recovery ranges in Hong Kong?**

The Hong Kong Minibond Receivers are pleased to note that the Singapore Minibond position has reached a conclusion. However, the range of recoveries for the Singapore Noteholders should not be taken as indicative of the potential recoveries for the Hong Kong Noteholders as there are number of significant differences of note:

- the respective underlying collateral in the Hong Kong and Singapore Minibond Series are different;
- the Hong Kong Noteholder Repurchase Agreement has meant that the 99.97% of eligible investors who accepted the offer made by Distributing Banks have received 60% (for those investors aged below 65) or 70% (for those investors aged 65 or above) of the nominal value of the original investment of investors;
- the Distributing Banks have made funds available to the Trustee for the purpose of assisting the Receivers to recover the underlying collateral for each outstanding Minibond series; and
- the nominal amount of outstanding Minibond series in Hong Kong and the timeline for the unwinding process are substantially different to the Minibond series in Singapore.

**Q4 When will the Hong Kong Noteholders receive payouts from the Hong Kong Minibond Receivers?**

It is not possible at this time for the Receivers to provide an estimate of the timing or quantum of any return that may be paid to the Hong Kong Noteholders. However, further updates will be provided to the Noteholders as distributable information becomes available.

4 February 2010