

AGREEMENT PURSUANT TO
SECTION 201 OF THE SECURITIES AND FUTURES ORDINANCE
(the "Agreement")

The Securities and Futures Commission (the "**Commission**")
The Monetary Authority appointed under section 5A(1) of the Exchange Fund
Ordinance (Chapter 66 of the Laws of Hong Kong) (the "**MA**")

And

Each of the banks listed in Schedule 1 (the "**Distributing Banks**")

1. In this Agreement where the context so admits the following words and expressions shall have the following meanings:

"**Code of Conduct**" means the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission issued by the Commission pursuant to section 399 of the SFO;

"**Commission Income**" means, in relation to each Distributing Bank, the amount of commission income earned by it (without deduction of any costs, charges or expenses by it) from the distribution of the Outstanding Minibonds;

"**Eligible Customer**" has the meaning given to it in the Repurchase Scheme in Appendix I;

"**Expenses Funding Agreement**" means the agreement to be entered into between HSBC Bank USA, National Association, Bank of China (Hong Kong) Limited and the Distributing Banks in relation to the recovery of the Minibonds collateral;

"**Investment Products**" has the meaning given to this term in the Terms of Reference for the Internal Control Review (as defined in paragraph 7 below);

"Leverage" means any method by which an investor increases his or her exposure to a particular market, risk or asset class, whether through borrowing of cash, through the use of derivatives or by any other means;

"Leveraged Product" means any unlisted securities product which involves Leverage;

"Listing Rules" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

"Management Supervision Guidelines" means the Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the Securities and Futures Commission issued by the Commission pursuant to section 399 of the SFO;

"Material Breach" means a breach of a material term of this Agreement that is not remedied (if remediable) by the Party in breach within 28 days of receiving notice from the Commission or the MA in writing specifying the breach;

"Minibonds" means all retail structured notes issued under the "Secured Continuously Offered Note Programme" of Pacific International Finance Limited, commonly known as Lehman Brothers Minibonds;

"Outstanding Minibonds" means the following series of the Minibonds: series 5, series 6, series 7, series 9, series 10, series 11, series 12, series 15, series 16, series 17, series 18, series 19, series 20, series 21, series 22, series 23, series 25, series 26, series 27, series 28, series 29, series 30, series 31, series 32, series 33, series 34, series 35, series 36;

"Parties" means the named parties to this Agreement, and **"Party"** shall mean one of the Parties;

"Press Release" means the press release attached as Appendix IV;

"Repurchase Scheme" means the repurchase scheme as set out in Appendix I;

"Reviews" means the Internal Control Review and the Complaints Handling Review;

"SFO" means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

"Structured Product" means a derivative or other product which is structured in the form of a debenture, other security or deposit and which contains, references, or is based on, a derivative or a derivative strategy. The definition comprises exclusively: (i) credit-linked notes, (ii) equity-linked notes and equity-linked deposits, and (iii) private placement notes, provided that Structured Products do not include any principal-protected product or listed securities; and

"Trustee" means HSBC Bank USA, National Association, as the trustee appointed under the Expenses Funding Agreement.

2. The Parties acknowledge that:

(a) the purpose of this Agreement is:

(i) to fully and finally settle and conclude reviews, investigations, disciplinary and enforcement proceedings between the Commission and Distributing Banks in relation to the sale or distribution of Minibonds; and

(ii) to mitigate the grounds on which any further reviews, investigations, disciplinary or enforcement proceedings might be commenced by the Commission and the MA in the future in relation to the conduct, action or omission by any of the Distributing Banks or its directors, officers, employees or agents (as the case may be) relating to the provision of investment advice or other services or the sale or distribution of any investment product other than Minibonds; and

(b) the purpose of the Reviews is to identify and remediate any issues concerning non-compliance by the Distributing Banks with legal and regulatory requirements which are the subject of the Reviews, such Reviews to

investigate current systems, controls, practices and processes and to make recommendations in accordance with the Terms of Reference at Appendices II and III.

3. In consideration of the terms, covenants and conditions herein contained, the Commission hereby agrees, without any admission of liability on the part of the Distributing Banks, that this Agreement constitutes full and final settlement and conclusion of all reviews, investigations, disciplinary or enforcement proceedings (whether administrative, civil or criminal) commenced, conducted or intimated by the Commission relating to the distribution of Minibonds by the Distributing Banks.
4. Each Distributing Bank shall, in accordance with the Repurchase Scheme:
 - (i) offer to purchase from all Eligible Customers all Outstanding Minibonds subscribed or purchased through that Distributing Bank; and
 - (ii) with respect to each Eligible Customer who accepts the offer, purchase the Minibonds from and pay the Eligible Customer in such manner and at such times as specified in the Repurchase Scheme.
5. Each Distributing Bank hereby undertakes and agrees as follows:
 - (a) to use its best endeavours to finalise and execute the Expenses Funding Agreement on or before 31 October 2009, failing which it shall set aside an amount equivalent to the Commission Income in escrow to be used for the sole purpose of the Distributing Banks providing assistance and expediting the recovery of the underlying collateral for each series of the Outstanding Minibonds;
 - (b) to include in the Expenses Funding Agreement a provision / provisions requiring the Distributing Banks to commit to fund the Trustee a maximum total amount equivalent to the Commission Income (in substitution for their existing commitment to fund a maximum total amount of HK\$100,000,000), which may be drawn down by the Trustee at its sole discretion and, if so drawn, to be used by it for the purposes of enforcing the collateral in respect of each series of the Outstanding

Minibonds. To the extent that such funding is drawn down and used by the Trustee in accordance with the terms of the Expenses Funding Agreement, it shall not be recoverable by the Distributing Bank or deducted from any collateral received by the Distributing Bank in respect of the Outstanding Minibonds;

- (c) to pay to the Trustee such amounts as drawn by it in accordance with the terms of the Expenses Funding Agreement;
 - (d) in addition to fulfilling its obligations under the Expenses Funding Agreement, it shall take all reasonable steps, in its capacity as a noteholder (and not as a funding party), to assist in and to expedite the recovery of the underlying collateral for each series of the Outstanding Minibonds; and
 - (e) to give both to the Commission and the MA a copy of any report on the recovery of the collateral received from the Trustee under the Expenses Funding Agreement.
6. The Commission, the MA and the Distributing Banks shall jointly issue the Press Release, on a date and time to be agreed, to inform the public of this Agreement between the Commission, the MA and the Distributing Banks and the repurchase schemes to be implemented by the Distributing Banks.
7. Subject to paragraph 10 below, as soon as reasonably practicable and in any event no later than three months after the date of this Agreement, each of the Distributing Banks and the MA will jointly engage an independent accounting or law firm reasonably acceptable to the MA (the "**Internal Control Reviewer**"), such engagement and its terms (save those relating to the MA's liability in respect of fees, expenses and disbursements of the Internal Control Reviewer under such engagements which shall be strictly limited to HK\$1.00) to be the subject of consultation with the Commission, to conduct a review (the "**Internal Control Review**") of its internal controls, systems and procedures in relation to its sales of unlisted Investment Products and investment advisory business relating to such sales, to assess their effectiveness, adequacy and compliance with the applicable legal and regulatory requirements.

8. The Commission and the MA must be satisfied as to the Internal Control Reviewer's qualifications, experience, available resources and relevant expertise to conduct the Internal Control Review, such discretion to be exercised reasonably and in good faith.
9. Subject to paragraph 10 below, as soon as reasonably practicable and in any event no later than three months after the execution of this Agreement, each of the Distributing Banks and the MA will jointly engage an independent accounting or law firm reasonably acceptable to the MA (the "**Complaints Handling Reviewer**"), such engagement and its terms (save those relating to the MA's liability in respect of fees, expenses and disbursements of the Complaints Handling Reviewer under such engagements which shall be strictly limited to HK\$1.00) to be the subject of consultation with the Commission, to conduct a separate review (the "**Complaints Handling Review**") of its customer complaints handling procedures and mechanism for dispute resolution with its customers in relation to unlisted Investment Products.
10. A Distributing Bank may appoint the same firm to conduct the Reviews. In the event of any dispute between a Distributing Bank and the MA over the choice of the firm to be engaged under paragraphs 7 and 9, the firm shall be chosen by the MA (in consultation with the Commission) in his sole discretion, such discretion to be exercised reasonably and in good faith.
11. The Terms of Reference at Appendices II and III set out the scope and details of the reviews described in paragraphs 7 and 9 respectively. The Terms of Reference shall not be subsequently varied without the written consent of the MA and the Commission. To the extent that any of the Distributing Banks has previously obtained or is in the course of obtaining, voluntarily or following a direction from or suggestion by the Commission or the MA, a report covering the same or similar subject-matter to that which would be covered by the Internal Control Review or the Complaints Handling Review, the MA and the Commission will review the terms of such report and reasonably determine whether the Terms of Reference and the timing of the Internal Control Review or the Complaints Handling Review should be varied having regard to the review previously conducted and the findings contained in the report.

12. Each Distributing Bank also agrees and undertakes that:
- (a) it will cooperate with and give each of the Internal Control Reviewer and Complaints Handling Reviewer full and direct access to all information required, except all legally privileged materials, to enable the Internal Control Reviewer and Complaints Handling Reviewer to conduct their reviews;
 - (b) each of the Internal Control Reviewer and Complaints Handling Reviewer shall report the findings of its review to the Distributing Bank, the MA and the Commission; and
 - (c) it will promptly implement all recommendations of the Internal Control Reviewer and Complaints Handling Reviewer made in their reviews, unless otherwise discussed with and agreed by the MA.
13. The MA will keep the Commission informed on the progress of the Reviews and will share the preliminary and final findings of the Internal Control Reviewer and Complaints Handling Reviewer with the Commission. The MA shall ensure that any comments of the Commission in respect of the Reviews are communicated to the Internal Control Reviewer and the Complaints Handling Reviewer or to the Distributing Bank (as the case may be) and, if the Commission so requests, the MA shall direct the Distributing Bank to meet with the Commission to discuss any comments or issues which the Commission may have in respect of the Reviews.
14. Without prejudice to the generality of the foregoing provisions, as an immediate step upon the execution of this Agreement, each Distributing Bank shall take the following minimum and interim actions to review and enhance its customers complaints handling procedures in relation to the purchase and sale of Investment Products (for the avoidance of doubt, these procedures will have no application in relation to: (i) complaints made by customers in respect of Minibonds who accept the repurchase offer made pursuant to this Agreement; or (ii) complaints made in relation to a previous settlement agreement with a Distributing Bank in respect of Minibonds):

- (a) the appointment of appropriately qualified members of senior management to oversee the complaints handling process;
- (b) the implementation of appropriate controls and procedures to ensure that:
 - (i) each customer complaint relating to the purchase or sale of an Investment Product prior to the execution of this Agreement would be handled and investigated promptly, thoroughly and objectively taking into account all relevant matters relating to the sale of the product to the customer (and not just the specific subject matter of the complaint);
 - (ii) each investigation of customer complaints involves an assessment of the relevant staff involved in dealing with the customer and all relevant information obtained from the customer;
 - (iii) each investigation of customer complaint involves an interview with the relevant customer;
 - (iv) each investigation analyses the Distributing Bank's conduct against its obligations under the Code of Conduct, the Management Supervision Guidelines and all other applicable legal and regulatory requirements;
 - (v) each customer complaint is the subject of a separate written report explaining the findings of the investigation;
 - (vi) where a complaint is upheld by the Distributing Bank investigating the matter or where the investigation reveals any non-compliance with any applicable legal and/or regulatory requirement, it will determine, acting reasonably, and having regard to General Principle 1 of the Code of Conduct, whether the customer should be offered financial redress and, if so, on what terms, taking account of any loss or damage the customer

has suffered as a result of any breach by the Distributing Bank of applicable laws or regulatory requirements; and

(vii) if any complaint cannot be resolved to the customer's satisfaction, it should duly advise the customer that he/she has the right to report his/her complaint to the regulatory authorities and to seek independent legal advice on any further action he/she may pursue.

15. Subject to paragraph 16 below, the Commission agrees that it will not take any disciplinary or enforcement action against any of the Distributing Banks, and any past or present director, officer or employee of the Distributing Banks, in respect of any conduct relating to the distribution of Minibonds. Complaints of Eligible Customers who do not accept the repurchase offer shall be handled by the relevant Distributing Bank in accordance with paragraph 14.

16. Each Distributing Bank further acknowledges and agrees that, notwithstanding anything to the contrary contained in this Agreement:

(a) this Agreement in no way derogates from the rights and remedies available to any customer (other than Eligible Customers who accept the repurchase offer) or any other person or entity (excluding the Commission) arising from the conduct, actions or omissions by the Distributing Banks or their directors, officers, employees or agents;

(b) the terms contained in this Agreement do not in any manner prejudice or affect the powers of the Commission or the MA to commence or conduct reviews, investigations, disciplinary or enforcement actions (whether administrative, civil or criminal) against the Distributing Banks or their directors, officers, employees or agents:

(i) in respect of any conduct, action or omission by it or its directors, officers, employees or agents (as the case may be) relating to the provision of investment advice or other services or the sale or distribution of any investment product other than Minibonds;

- (ii) in respect of any conduct, action or omission by it or its directors, officers, employees or agents (as the case may be) that involves dishonesty, fraud or deceit, or any conduct, action or omission that may constitute a criminal offence under the laws of Hong Kong; and
 - (iii) in respect of any future conduct, action or omission by the Distributing Banks or their directors, officers, employees or agents (as the case may be); and
 - (c) in the event of a Material Breach of this Agreement by any Distributing Bank, the Commission and/or the MA will not be constrained in any way by the terms of this agreement, including paragraph 3, in respect of that Distributing Bank. The other Distributing Banks who have not committed any Material Breach shall in no way be affected by the action of the Commission and/or the MA, and this Agreement shall continue in full force as between such other Distributing Banks, the Commission and the MA.
- 17. In determining whether to commence any disciplinary or other legal proceedings as a consequence of the exercise of powers pursuant to paragraph 16(b) above, the Commission and the MA shall have regard to the measures taken by each of the Distributing Banks pursuant to paragraph 14, any enhancements made by the Distributing Banks pursuant to the Reviews or otherwise and the fact that the Distributing Banks have entered into this Agreement.
- 18. Each Party shall keep this Agreement and its terms and Appendices confidential and shall not disclose the same to any third party without the prior written consent of all other Parties, save where the information is already in the public domain otherwise than by a breach of this clause, or where such disclosure is required by a court of competent jurisdiction or a public body exercising a statutory power to compel disclosure, in which case the disclosing Party shall notify all other Parties in writing prior to making the disclosure. Notwithstanding the foregoing, each Distributing Bank shall also be entitled to disclose this Agreement to its insurers, its parent company and affiliates, and

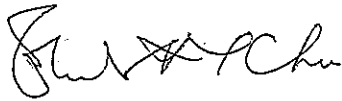
its professional advisors (including but not limited to its auditors and legal advisers). For the avoidance of doubt, this clause will not restrict the Distributing Banks from addressing customers' questions in relation to the Repurchase Scheme and related documentation or the Commission or the MA from publishing "Frequently Asked Questions" in relation to the Repurchase Scheme.

19. Each Distributing Bank is deemed to have made an application under section 134 of the SFO for a waiver of the requirements of sections 175(1)-(3) of the SFO. The Commission grants the waiver for the purpose of the offers to be made under the Repurchase Scheme and all other necessary requirements for doing so are also deemed to have been completed.
20. Each Distributing Bank must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this Agreement and any transactions contemplated by it.
21. This Agreement constitutes the entire agreement between the Parties in connection with its subject matter and supersedes all previous agreements or understandings between the Parties in connection with its subject matter.
22. This Agreement is governed by the law of Hong Kong and each Party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of Hong Kong.
23. The Parties agree to act reasonably and in good faith in performing their obligations and exercising any powers and discretions under this Agreement.
24. This Agreement shall not become effective unless and until it is signed by all Parties.
25. The liability of each Distributing Bank under this Agreement is several and not joint.

Execution Page

We agree and accept the terms of this Agreement.

For and on behalf of
ABN AMRO Bank N.V.



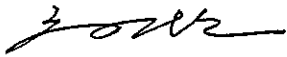
Name: ALEXANDER R. Y. CHU
Date: 22 JULY, 2009

In the presence of



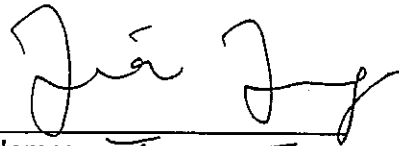
Name: HU YUK WAI
Date: 22 July 2009

For and on behalf of
Bank of China (Hong Kong) Ltd




Name: Yingxin Gao
Date: 22/7/09

In the presence of




Name: Tina Fung
Date: 22/7/09

For and on behalf of
Bank of Communications Co Ltd



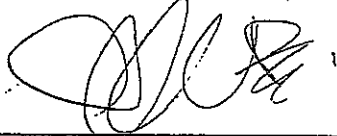
Name: CAO HA PING NANCY
Date: 2009/7/22

In the presence of



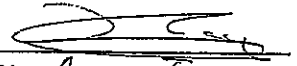
Name: CHENG KIN SANG, KEVIN
Date: 22 July 2009

For and on behalf of
The Bank of East Asia, Ltd



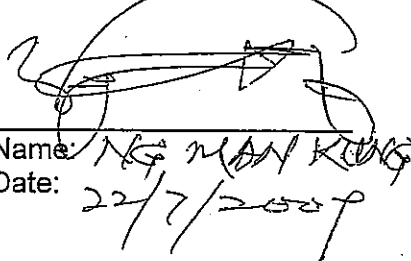
Name: TONG HON SHING
Date: 22/7/09

In the presence of



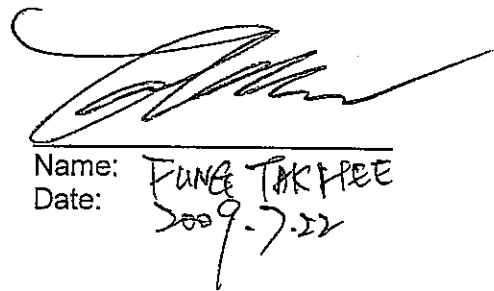
Name: Amy Tang
Date: 22 July 2009.

For and on behalf of
Chiyu Banking Corporation Ltd



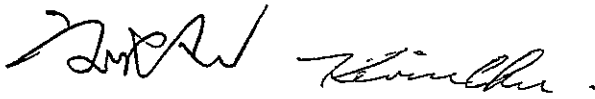
Name: NG MAN KONG
Date: 22/7/2009

In the presence of



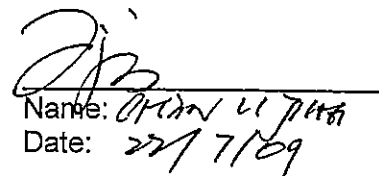
Name: FUNG TAK HUI
Date: 2009-7-22

For and on behalf of
Chong Hing Bank Ltd



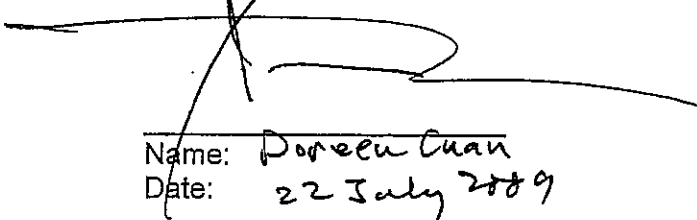
Name: Lau Wai Man/Chu Kevin Wai Hung
Date: 22/7/09.

In the presence of



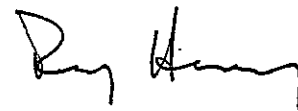
Name: CHAN LI PING
Date: 22/7/09

For and on behalf of
CITIC Ka Wah Bank Ltd



Name: Doreen Chan
Date: 22 July 2009

In the presence of



Name: Roy Huang
Date: 22 July 2009

For and on behalf of
Dah Sing Bank Ltd



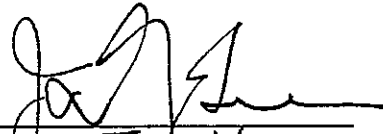
Name: H. Wong
Date: 22/7/2009

In the presence of



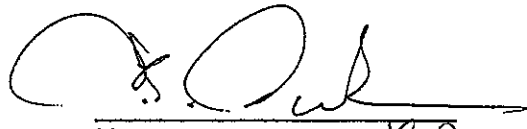
Name: DEREK WONG
Date: 22/7/09

For and on behalf of
Fubon Bank (Hong Kong) Ltd



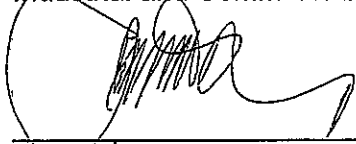
Name: Jimmy Lee
Date: 7/22/09

In the presence of



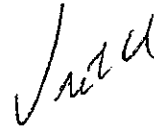
Name: JAMES F. F.
Date: 22/07/09

For and on behalf of
Industrial and Commercial Bank of China (Asia) Ltd



Name: WONG YUEN FAH
Date: 22/7/2009

In the presence of



Name: CHU SIU MING
Date: 22/7/2009

For and on behalf of
Mevas Bank Ltd




Name: JOHN C. LAM
Date: 22 JULY, 2009.

In the presence of




Name: DEREK WONG
Date: 22 July 09


For and on behalf of
Nanyang Commercial Bank, Ltd


Name: Yuen Wai Keung
Date: 22/7/09


In the presence of


Name: HUI WAI HING PETER
Date: 22/7/09

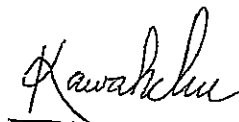
For and on behalf of
Public Bank (Hong Kong) Ltd


Name: TANS YOKER KONGS
Date: 22-7-2009


In the presence of


Name: SIM WAI YIN
Date: 22/7/2009


For and on behalf of
Shanghai Commercial Bank Ltd


Name: EDWARD KAWAH CHU
Date: 22/7/09

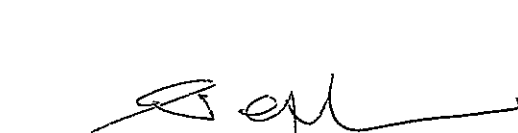
In the presence of


Name: MANICE FONG
Date: 22/7/09

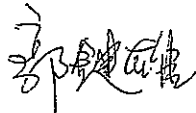
For and on behalf of
Wing Hang Bank Ltd


Name: FRANK J. WANG
Date: 22/07/09

In the presence of


Name: Stephen Wong
Date: 22/07/09

For and on behalf of
Wing Lung Bank Ltd



Name: KWOK KIN HUNG
Date: 22/7/09

In the presence of



Name: MASON WU
Date: 22 JULY 2009

For and on behalf of
The Securities and Futures Commission



Mark Steward
Executive Director of Enforcement
Date: 22/7/2009

For and on behalf of
The Monetary Authority



Choi Yiu-kwan, JP
Deputy Chief Executive
Date: 22/7/09

Schedule 1

List of Distributing Banks

- (1) ABN AMRO Bank N.V.
- (2) Bank of China (Hong Kong) Ltd;
- (3) Bank of Communications Co Ltd;
- (4) The Bank of East Asia, Ltd;
- (5) Chiyu Banking Corporation Ltd;
- (6) Chong Hing Bank Ltd;
- (7) CITIC Ka Wah Bank Ltd;
- (8) Dah Sing Bank Ltd;
- (9) Fubon Bank (Hong Kong) Ltd;
- (10) Industrial and Commercial Bank of China (Asia) Ltd;
- (11) Mevas Bank Ltd;
- (12) Nanyang Commercial Bank, Ltd;
- (13) Public Bank (Hong Kong) Ltd;
- (14) Shanghai Commercial Bank Ltd;
- (15) Wing Hang Bank Ltd; and
- (16) Wing Lung Bank Ltd.

AGREEMENT PURSUANT TO
SECTION 201 OF THE SECURITIES AND FUTURES ORDINANCE

APPENDIX I
REPURCHASE SCHEME

**PROCEDURES FOR THE ADMINISTRATION OF
THE LEHMAN BROTHERS MINIBONDS REPURCHASE SCHEME
BY THE DISTRIBUTING BANKS LISTED IN SCHEDULE 1
(The "Repurchase Scheme")**

Capitalised terms not defined in this Repurchase Scheme shall have the same meanings as defined in the Agreement between the Distributing Banks, the Commission and the MA pursuant to section 201 of the SFO (the "s.201 Agreement").

I. Eligibility for the repurchase offer

1. Each Distributing Bank has agreed with the Commission and the MA to make a repurchase offer (and, if an offer is accepted, to repurchase from the offeree) to all of its customers who:-

- (a) through the Distributing Bank, purchased Outstanding Minibonds as part of a primary offering; and
- (b) with open positions in such Outstanding Minibonds,

except those who:

- (i) have, in the three years preceding their first purchase of Minibonds, executed five or more transactions in Leveraged Products, Structured Products or a combination of these products;
- (ii) are non-individuals, meaning those who hold an account with the Distributing Bank in the name of an entity incorporated or formed in Hong Kong or elsewhere, excluding sole proprietorships, exempt charitable bodies under section 88 of the Inland Revenue Ordinance (Cap 112) and not-for-profit organizations whose assets are not managed by an SFC licensed fund manager;
- (iii) are professional investors falling under paragraph (a) to (i) of the definition of "professional investor" in Part 1 of Schedule 1 to the SFO;
- (iv) are professional investors under section 3 of the Securities and Futures (Professional Investor) Rules (Cap. 571D) and classified by the Distributing Bank and agreed by the customers to be treated as such in accordance with paragraphs 15.3 and 15.4 of the Code of Conduct at the time they purchased the Minibonds; or

- (v) have previously settled their claims in relation to the distribution of Minibonds with the Distributing Bank.
2. Customers who satisfy (a) and (b) above and do not fall within any one of (i) to (v) above will be called “**Eligible Customers**”.

II. The repurchase price

3. Each Distributing Bank will offer to purchase all Outstanding Minibonds from Eligible Customers at a price equivalent to:
- (a) 60% of the nominal value of the principal invested for Eligible Customers below the age of 65 as at 1 July 2009; and
 - (b) 70% of the nominal value of the principal invested for Eligible Customers aged 65 or above as at 1 July 2009 (irrespective of whether they hold the Minibonds jointly with customers under the age of 65).
4. The repurchase price will be paid in Hong Kong dollars except that for those series of Minibonds denominated in US dollars, the Distributing Bank will pay the repurchase price in US dollars to the Eligible Customers who accept the offer.

III. Distributing Bank’s undertaking to make further payments after collateral recovery

5. For the purposes of the Repurchase Scheme, “**Collateral Amount**” means, in respect of each series of Minibonds, the amount recovered from the enforcement of the collateral held in respect of that series (net of Trustee charges and expenses) and paid to the Distributing Banks in their capacities as noteholders.
6. Within 30 days after the Collateral Amount for a series of Minibonds is paid to a Distributing Bank (such amount without deduction of any costs, charges, expenses of any kind by the Distributing Bank), the Distributing Bank agrees and undertakes to make further payments to the Eligible Customers who held Minibonds in that series in accordance with the following:
- (a) Eligible Customers below the age of 65 as at 1 July 2009 will receive a further payment pro rata to their initial investment of:
 - (i) the actual amount recovered if the percentage of the recovery for that series is less than 10% of the total principal amount of

that series;

- (ii) 10% of the principal amount, if the percentage of recovery for that series is between 10% and 70% of the total principal amount of that series; or
- (iii) the amount in excess of 60% of the principal amount, if the percentage of recovery for that series exceeds 70% of the total principal amount of that series.

Collateral Amount recovered	0%	5%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Payment to Eligible Customers	0%	5%	10%	10%	10%	10%	10%	10%	10%	20%	30%	40%
Total recovery by Eligible Customers	60%	65%	70%	70%	70%	70%	70%	70%	70%	80%	90%	100%

- (b) Eligible Customers aged 65 or above as at 1 July 2009 (irrespective of whether they hold the Minibonds jointly with customers under the age of 65) will receive a further payment of the amount in excess of 70%, if the percentage of recovery for that series exceeds 70% of the total principal amount of that series.

Collateral Amount recovered	0%	5%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Payment to Eligible Customer	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	20%	30%
Total recovery by Eligible Customers	70%	70%	70%	70%	70%	70%	70%	70%	70%	80%	90%	100%

IV. Notification of the offer to Eligible Customers

- 7. Each Distributing Bank must write to the Eligible Customers in their preferred language (Chinese or English) and notify each of them that, among other things:
 - (a) an offer is being made to the Eligible Customer to purchase the Minibonds subscribed or purchased through the Distributing Bank in accordance with the terms set out in the offer letter (the "Offer Letter");
 - (b) if the Eligible Customer decides to accept the offer, the Eligible

Customer is required to (i) transfer any and all legal and/or beneficial interest in the Minibonds and/or any and all entitlements thereto to the Distributing Bank, (ii) release any and all claims arising from or in connection with the Minibonds, including but not limited to claims against the Distributing Bank, its present and former officers, directors and employees arising from or in connection with the Minibonds, (iii) withdraw and permanently discontinue any legal proceedings or mediation arising from or in connection with the Minibonds, (iv) withdraw any complaints made to the Distributing Bank, the Consumer Council, the Commission, the MA or any other relevant authority arising from or in connection with the Minibonds; and (v) execute such documentation as is necessary to give effect to the foregoing;

(c) the Eligible Customer is not obliged to accept any offer and the rejection of any offer will not prejudice his right (if any) to take legal action against the Distributing Bank in the future.

8. The form of the Offer Letter, the acceptance form and rejection form shall be in substantially in the same form as those set out in **Schedule 2**.

9. The offer to repurchase must be open for 60 days from the date of the Offer Letter.

V. Time for dispatch of the Offer Letter, means of service and the offer period

10. The Offer Letter will be issued starting on a day to be determined by the Commission after the Commission announces the s.201 agreement, such day to be in the week 3-10 August 2009.

11. The Offer Letter will be sent via registered mail to the last known addresses of the Eligible Customers maintained with the Distributing Bank.

12. Each Distributing Bank must use all reasonable means (e.g. phone, email, fax) to contact any Eligible Customer whose mail is returned.

13. If the mail is not returned and the Eligible Customer does not accept the offer within 60 days without valid reason; the offer will lapse automatically.

14. If the Eligible Customer gives a valid reason for not accepting the offer within the original deadline, the Distributing Bank must treat the offer as still being valid and give the client a further 30 days within which to accept the offer from the day the Distributing Bank writes back to the client. If the Eligible Customer does not accept the offer within the further 30 days, the offer will

lapse automatically.

15. Whether the reason given by the Eligible Customer for the delay in responding within the deadline is a valid reason will be decided by the Distributing Bank. However, if the Eligible Customer disagrees with the Distributing Bank's decision, the Distributing Bank should resolve this in accordance with its complaint handling procedures.

VI. Acceptance and rejection of the offer

16. An Eligible Customer who accepts the terms of the Offer Letter is requested to sign (and in the case of joint accounts, all holders are requested to sign) and return by mail or by personal delivery at a branch of the Distributing Bank an acceptance form which:
 - (a) accepts the Distributing Bank's offer;
 - (b) authorises the transfer of any and all legal and/or beneficial interest in the Minibonds and/or any and all entitlement thereto to the Distributing Bank;
 - (c) releases any and all claims arising from or in connection with the Minibonds, including but not limited to claims against the Distributing Bank, including its present and former directors, officers and employees arising from or in connection with the Minibonds;
 - (d) where applicable, withdraws and permanently discontinues any ongoing legal proceedings or mediation arising from or in connection with the Minibonds;
 - (e) where applicable, withdraws any complaints made to the Distributing Bank, the Consumer Council, the Commission, the MA or any other relevant authority arising from or in connection with the Minibonds; and
 - (f) undertakes to execute such documentation as is necessary to give effect to the foregoing.
17. If the Eligible Customer decides to reject the offer, he may return the rejection form to the Distributing Bank. For the avoidance of doubt, the absence of a returned rejection form to the Distributing Bank will not be construed as an acceptance of the offer by the Eligible Customer.
18. The acceptance form and rejection form will be attached to the Offer Letter.

VII. Making of the payment

19. Within 30 days after the Distributing Bank receives a completed acceptance form from the Eligible Customer, the Distributing Bank will pay the repurchase price as set out in paragraph 3 above to the Eligible Customer.
20. Payment of the repurchase price or any payments under paragraph 6 above will be made by bank transfer to the Eligible Customer's account maintained with the Distributing Bank, or any bank account in Hong Kong designated by the Eligible Customer. No fees should be charged by the Distributing Bank for the payment.

VIII. Record keeping

21. Each Distributing Bank shall maintain full and up to date records of the administration of the Repurchase Scheme.
22. Each Distributing Bank shall create a master log file to monitor the progress of the Repurchase Scheme at customer level. This will cover the status of correspondence with customers, acceptance/rejection from Eligible Customers, the payments and complaints made by customers.
23. All correspondence with Eligible Customers in respect of the Repurchase Scheme, including the written acceptance forms and rejection forms, shall be retained by each Distributing Bank for no less than 7 years.

IX. Administration team

24. Each Distributing Bank shall set up a team to administer the Repurchase Scheme. Information about the structure of the team, including the role, responsibilities of the individuals under the team and their contact details shall be provided to the MA and to the Commission within 7 business days following execution of the s. 201 Agreement.

X. Reporting

25. Each Distributing Bank shall provide a report to the Commission and MA at the end of each calendar month describing the progress of the payment and any complaint received in the form of the template set out in **Schedule 3**.

XI. Information for customers and the public

26. Each Distributing Bank shall create an investor hotline that is reasonably manned by properly trained staff during Hong Kong office hours to answer enquiries from the Eligible Customers as well as the public.

27. Information about the Repurchase Scheme and enquiry details for Eligible Customers must be set out in a conspicuous section of each Distributing Bank's website.

XII. Complaint handling

28. Any dispute concerning eligibility for the repurchase or amount of any payment made by the Distributing Bank shall be resolved by the complaint handling procedures that meet the minimum requirements set out in clause 14 of the s.201 agreement or as recommended by the Complaints Handling Reviewer.

XIII. Further guidance

29. Distributing Banks may approach the Commission to seek further guidance on how to treat a matter not dealt with in these procedures.

Schedule 1

List of Distributing Banks

- (1) ABN AMRO Bank N.V.
- (2) Bank of China (Hong Kong) Ltd;
- (3) Bank of Communications Co Ltd;
- (4) The Bank of East Asia, Ltd;
- (5) Chiyu Banking Corporation Ltd;
- (6) Chong Hing Bank Ltd;
- (7) CITIC Ka Wah Bank Ltd;
- (8) Dah Sing Bank Ltd;
- (9) Fubon Bank (Hong Kong) Ltd;
- (10) Industrial and Commercial Bank of China (Asia) Ltd;
- (11) Mevas Bank Ltd;
- (12) Nanyang Commercial Bank, Ltd;
- (13) Public Bank (Hong Kong) Ltd;
- (14) Shanghai Commercial Bank Ltd;
- (15) Wing Hang Bank Ltd; and
- (16) Wing Lung Bank Ltd.

Schedule 2

Offer Letter, together with acceptance form and rejection form

[TO BE PRINTED ON THE DISTRIBUTING BANK'S LETTERHEAD]

[Client name]

[Client address]

[Date]

Dear [Sir / Madam],

LEHMAN BROTHERS MINIBONDS – REPURCHASE OFFER

According to our records, you currently hold an investment in certain notes issued under the "Secured Continuously Offered Note Programme" of Pacific International Finance Limited, commonly known as Lehman Brothers Minibonds ("Minibonds"), as follows:

Minibonds Series	Transaction date	Principal amount (HKD)
------------------	------------------	------------------------

As you may be aware, pursuant to an agreement reached with the Securities and Futures Commission ("SFC") and the Monetary Authority ("MA"), we have agreed to offer, without acceptance of liability, to repurchase outstanding Minibond holdings from eligible customers¹.

As you are an Eligible Customer, we are writing to extend our offer to purchase your outstanding Minibonds holdings subscribed through us on the following terms:-

- Purchase price:** [60% (for customer who was below 65 years old as at 1 July 2009) of the aggregate principal amount invested by you, [namely [●]]. **OR**
[70% (for customer aged 65 or above as at 1 July 2009) of the aggregate principal amount invested by you, [namely [●]].

¹ "Eligible Customers" means customers who: (a) through us, purchased outstanding Minibonds as part of a primary offering and with open positions in such outstanding Minibonds, except those who (i) have, in the three years preceding their first purchase of Minibonds, executed five or more transactions in leveraged products, structured products or a combination of these products; (ii) are non-individuals, meaning those who hold an account with the Bank in the name of an entity incorporated or formed in Hong Kong or elsewhere, excluding sole proprietorship, exempt charitable bodies under section 88 of the Inland Revenue Ordinance (Cap 112) and not-for-profit organizations whose assets are not managed by an SFC licensed fund manager; (iii) are professional investors falling under paragraph (a) to (i) of the definition of "professional investor" in Part 1 of Schedule 1 to the SFO; (iv) are professional investors under section 3 of the Securities and Futures (Professional Investor) Rules (Cap. 571D) and classified by the Bank and agreed by the customers to be treated as such in accordance with paragraphs 15.3 and 15.4 of the Code of Conduct at the time they purchased the Minibonds; or (v) have previously settled their claims in relation to the distribution of Minibonds with the Bank.

2. **Condition:** You will be required to transfer any and all legal and/or beneficial interest in the Minibonds, and/or any and all entitlements thereto, to us, and release us, our current and former directors, managers, officers, employees and agents and each of their predecessors, successors and assigns, from any and all claims you may have arising out of or in connection with the Minibonds. You will be required to withdraw and permanently discontinue any legal proceedings or mediation arising from or in connection with the Minibonds and to withdraw any complaints made to us, the Consumer Council, the SFC, the MA or any other relevant authority, body or group (excluding the Police) arising from or in connection with the Minibonds. You will also be required to execute such documentation as is necessary to give effect to the foregoing
3. **Date of payment of the purchase price:** 30 days from our receipt of your completed and signed Form of Acceptance (enclosed).
4. **After realisation of collateral:** We undertake that we will make a further payment to you after the realisation of the collateral (if any) in accordance with the terms set out in the Form of Acceptance.

For the avoidance of doubt, you will be entitled to retain all coupon payments from the Minibonds received to date.

This offer does not extend to your Minibonds holdings subscribed or purchased through distributors other than us.

You are not obliged to accept this offer. If you choose not to accept this offer, your right to take any legal action against us will not be prejudiced. You are encouraged to take independent legal advice on your rights and obligations before accepting this offer.

If you are prepared to accept this offer, please carefully read, complete, sign and return the enclosed Form of Acceptance in the enclosed stamped, self-addressed envelope to us on or before [●]. If your account is jointly held by more than one accountholder, all joint holders of the account must sign the Form of Acceptance. Otherwise, the Form of Acceptance will not be treated as complete.

If you do not wish to accept this offer, you may sign and return the enclosed Form of Rejection to us by the same deadline but the absence of a returned Form of Rejection to us will not be construed as an acceptance of the offer by you. In any event, this offer will automatically lapse if not accepted by the said deadline, subject to our discretion to extend the offer period if valid reasons are given. If you have any queries in relation to the offer, please contact our inquiries hotline (●) [or email address]. Please note that we cannot give you advice as to whether or not to accept the offer. If you need such advice you should consult a legal and/or financial adviser.

We hope to receive your reply, and look forward to serving you in the future.

Yours faithfully,

[•]
For and on behalf of
[Name of Distributing Bank]
Encl

FORM OF ACCEPTANCE

To: [Name of the Distributing Bank]

I/We refer to your offer to purchase my/our Minibonds holdings subscribed through [name of the Distributing Bank] made in your letter to me/us dated [●] (the "Offer").

I/We hereby accept the Offer and the following terms of purchase:-

1. Without any acceptance of liability whatsoever, [name of the Distributing Bank] shall:

(a) within 30 days from its receipt of this signed Form of Acceptance, take transfer (and is hereby authorised to do so) of any and all legal and/or beneficial interest in my/our Minibonds holdings and/or any and all entitlement thereto currently held in Account [insert account number] and transfer an amount which equals to [60% (if the customer aged below 65)/70% (if the customer aged 65 or above)] of the principal amount I/we initially invested in such Minibonds, [namely [●]] (the "Payment"); and

(b) within 30 days from its receipt of any amount recovered from realisation of the collateral of the series I/we invested in, to make a further payment of one of the following:

[(for customer below 65) (i) the actual amount recovered if the percentage of the recovery for that series is 10% or less, plus (ii) the amount in excess of 70%, if the percentage of recovery for that series exceeds 70%.]

or

[(for customer aged 65 or above) the amount in excess of 70%, if the percentage of recovery for that series exceeds 70%.]

to my account [insert account number] maintained with [name of the Distributing Bank]

to my/our following account in Hong Kong:-

Name of Account: _____

Account Number: _____

Name of bank: _____

2. In furtherance of paragraph 1 above, I/we hereby undertake to execute such further instruments or documents, if any, and to take such action as may reasonably be required by [name of the Distributing Bank] to effect a transfer of any and all legal and/or beneficial interest in my/our Minibonds holdings or any and all entitlement thereto to [name of the Distributing Bank].
3. I/We hereby irrevocably and unconditionally fully release and forever discharge the Released Persons from, and waive, any and all Claims (including but not limited to Claims against the Released Persons) arising out of or in connection with the Subject Matter, whether arising in equity or under common law or statute or by reason of breach of contract or in respect of any tortious or negligent act or omission (whether or not loss or damage caused thereby has yet been suffered) or otherwise and whether in existence now or coming into existence at some time in the future and whether or not in the contemplation of any persons.

"Claims" includes claims for interest, costs, and orders for costs, actions, causes of action, liabilities, rights and obligations, expenses, legal fees and amounts of any other nature.

"Released Persons" means [name of the Distributing Bank] and its current and former directors, managers, officers, employees and agents and each of their predecessors, successors and assigns.

"Subject Matter" means the handling of the Account, or the sale, purchase, holding or liquidation of the Minibonds.

4. I/We agree that this acceptance shall be a complete defence to any Claim, action or proceedings brought by me/us in any jurisdiction arising from or in connection with the Subject Matter. I/We further agree not to institute or procure any such Claim, action or proceedings arising from or in connection with the Subject Matter. If I/we have instituted a Claim, action or proceedings arising from or in connection with the Subject Matter, I/we hereby undertake to withdraw and wholly and permanently discontinue such Claim, action or proceedings immediately following signing of this Form of Acceptance. I/We agree to provide [name of Distributing Bank] with satisfactory evidence of such withdrawal and I/we acknowledge and agree that I/we will only be entitled to the Payment and any other payments pursuant to the Offer if we have provided such evidence satisfactory to [name of Distributing Bank].

5. I/We also agree to withdraw any complaints made to [name of Distributing Bank], the Consumer Council, the SFC, the HKMA or any other relevant authority, body or group (excluding the Police) arising from or in connection with the Subject Matter. In this regard, I/we authorise [name of Distributing Bank] to disclose this Form of Acceptance and communicate my/our withdrawal on my/our behalf to any of the above mentioned authorities, bodies or groups such withdrawal to become effective upon receipt by the relevant authority, body or group.
6. It is expressly agreed and acknowledged by me/us that the making of the Offer and performance of the above terms are not, and shall not be construed as, any admission whatsoever of any liability on the part of [name of Distributing Bank] or its current and former directors, managers, officers, employees and agents and each of their predecessors, successors and assigns.
7. I/We represent and warrant that I/we are the sole beneficial owner(s) of my/our Minibonds holdings currently held in Account [insert account number], and that my/our Minibonds holdings shall be transferred to [name of Distributing Bank] free from encumbrances [upon the signing of this Form of Acceptance].
8. This Form of Acceptance and all matters relating to it shall be governed by and construed in accordance with Hong Kong law. [Name of the Distributing Bank] and I/we irrevocably submit to the exclusive jurisdiction of the courts of Hong Kong in relation to all disputes howsoever arising out of or in connection with this Form of Acceptance.

Signed in acceptance of the above terms this _____ day of _____ 2009.

[Name]

[Name].

** If your account is jointly held by more than one accountholder, all joint holders of the account must sign this Form of Acceptance.*

REJECTION FORM

To: [name of the Distributing Bank]

I/We refer to your offer to purchase my Minibonds holdings subscribed through [name of the Distributing Bank] made in your letter to me/us dated [●] (the "Offer").

I/We hereby irrevocably reject the Offer.

Dated the day of 2009.

[Name]

[Name]

Schedule 3

(The Commission/MA monthly report template)

Date of reporting: As of _____

	Month 1 (August)	Month 2 (September)	Month 3 (October)	Month 4 (November)	Month 5 (December)	Month 6 (January)
Total number of Eligible Customers						
No. of Offer Letter Dispatched						
No. of Eligible Customers accepted offer						
No. of Eligible Customers rejected offer						
No. of Non-respondents						
No. of Returned Mail						
No. of Payment made & received						

Details of complaints received

Ref	Date received	Details	Status

New Issues identified

Ref	Date received	Details	Status

AGREEMENT PURSUANT TO
SECTION 201 OF THE SECURITIES AND FUTURES ORDINANCE

APPENDIX II
TERMS OF REFERENCE
INTERNAL CONTROL

Terms of Reference for *[name of Reviewer]*

[name of bank] (the "Distributing Bank")

I. **Basic parameters of the internal control review**

1. *[name of Reviewer]* (the "Reviewer") is engaged to conduct a review of the Distributing Bank's current internal systems and controls, procedures and working practices in respect of the Distributing Bank's sales of investment products and investment advisory business relating to such sales (the "Internal Control Review") and to prepare and submit a report thereon (the "Internal Control Report") to the Securities and Futures Commission (the "Commission"), the Hong Kong Monetary Authority (the "MA") and the Distributing Bank, particularly with a view to assessing:-
 - (i) the adequacy of product due diligence on investment products before they are distributed to customers;
 - (ii) the adequacy of training given to the Distributing Bank's sales staff on investment products to enable them to understand the products and all their material risks;
 - (iii) the assessment of the level of risk for each investment product, the communication of those risk ratings to its sales staff and the measures that ought to be taken to ensure that its sales staff gave reasonably suitable advice by matching the risk-return profile of each investment product with the personal circumstances of each customer; and
 - (iv) the record-keeping of investment advice given to customers and the rationale for its recommendations, including any material queries raised by the customers and the responses given by the Distributing Bank (collectively the "Review Parameters").

For the purposes of these Terms of Reference, the term "investment products" means structured investment products that are not listed on any recognized stock exchange.

2. The Internal Control Review is intended to review current systems, controls, practices and processes and to make recommendations in accordance with this Terms of Reference. It is not intended to require the Reviewer to investigate historical systems, controls, practices and processes.
3. The Reviewer, the Commission and the MA shall keep the Internal Control Report and its contents confidential and shall not disclose the same to any third party without the prior consent of the Distributing Bank.

II. **Powers of the Reviewer**

4. The Reviewer may examine and obtain copies of all of the Distributing Bank's documents relating to the Review Parameters as it reasonably considers relevant for the purposes of preparing the Internal Control Report.
5. As part of the review, the Reviewer may, as it reasonably considers appropriate, organise and conduct individual interviews with staff members and officers of the Distributing Bank.
6. As part of the review, the Reviewer may conduct sample testing and review of the Distributing Bank's records and transactions concerning the sale of any investment

products. The Reviewer may have regard to any report previously obtained by the Distributing Bank covering the same or similar subject matter as that of this review.

III. Scope of the review

7. If so requested by the Commission or the MA, prior to commencing the review the Reviewer shall meet with the Commission and the HKMA to discuss the applicable legal and regulatory standards, the extent and scope of the review and the Commission and the MA's expectations thereon.

8. The Reviewer's review shall focus on the areas as set out in paragraph 11 below (the "**Focus Areas**") pertinent to the Distributing Bank's investment advisory and sales processes in relation to investment products.

9. With respect to each of the Focus Areas, the Reviewer shall review and provide recommendations on the relevant systems, controls, policies and procedures implemented by the Distributing Bank, to ensure that:

(a) there are in place clear requirements and procedures to enable their relevant staff members to fully understand and properly perform their responsibilities; and

(b) those systems, controls, policies and procedures comply with all the applicable legal and regulatory requirements, including without limitation the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission ("**Code of Conduct**"), the Management, Supervision and Internal Control Guidelines For Persons Licensed by or Registered with the Securities and Futures Commission ("**Management Supervision Guidelines**"), the requirements in the Commission's "Questions and answers on suitability obligations of licensed and registered persons who are engaged in financial planning and wealth management business activities" ("**Suitability FAQ**") and the relevant codes, guidelines and circulars issued by the MA.

10. The Reviewer shall focus on the following areas in respect of investment products:

A. *Management and supervision*

10.1 Review the organizational structure including the segregation of staff duties, reporting lines, adequacy/completeness of job description, and whether management and supervisory functions are performed by qualified and experienced staff who are familiar with the applicable legal and regulatory requirements.

10.2 Determine whether there are clear reporting lines with supervisory and reporting responsibilities being assigned to more experienced staff members.

10.3 Inquire into and assess whether there is sufficient and active management supervision of the due diligence, training, investment advisory and sales processes.

10.4 Inquire into and assess whether there is adequate reporting by front-line/sales staff to senior management, and whether senior management took adequate follow-up actions upon receipt of these reports.

10.5 Inquire into and assess whether staff to whom senior management have delegated responsibilities actively report to senior management on the discharge of those responsibilities so that senior management can properly monitor the performance of those delegated responsibilities.

B. Training for staff

10.6 Review and provide recommendations on the training coverage, having regard to the investment products and related services offered and provided to the customers, such that the Distributing Bank provides sufficient training, at regular intervals, to:

- (a) enable the sales staff to: (i) fully understand the nature, structure and features of products/services and the nature and extent of risks involved; (ii) properly explain them to the customers in a plain and simple language that the customers can readily understand; and (iii) properly assess the suitability of the products/services for the customers;
- (b) ensure that existing and newly joined staff are adequately trained on all investment products prior to providing advice or selling or recommending them to customers; and
- (c) ensure that individual sales staff give consistent advice and product information to the customers.

10.7 Review the training coverage having regard to the staff and management's obligations to comply with the relevant rules and regulations.

10.8 Review attendance records of training sessions provided in-house.

10.9 Analyse the training provided to management and staff by units and identify any training gaps.

10.10 Assess the qualifications of trainers.

10.11 Review the adequacy of procedures for preparation and approval for training materials, including the vetting of the training materials to ensure legal and regulatory compliance.

10.12 Evaluate the sufficiency of internal and external training provided to staff and management who carry out regulated activities.

C. Disclosure to customers

10.13 Review and assess whether the relevant policies and procedures require disclosure of information to the customers: (i) that is fair and not misleading; (ii) in a plain and simple language that the customer can readily understand; and (iii) in accordance with the applicable legal and regulatory requirements.

10.14 Review and assess whether the relevant policies and procedures require full disclosure of all relevant information to the customers to enable the customers to make informed decisions, including: (i) explanations of why the investment products are suitable or unsuitable for the customers and the nature and extent of risks they bear; (ii) the downside risks and the expected returns in the worst case scenario; and (iii) the assumptions made by the sales staff in relation to his/her advice to the customer and the inherent limitations of the advice.

10.15 Review the adequacy of any disclosure mechanisms or procedures relating to disclosure of contingency fees, potential conflicts of interests receipt/provision of benefits to customers.

D. Account opening and "Know Your Customer" procedures

10.16 Review the procedures and controls taken before a prospective customer is accepted and a mandate is signed, in particular, the customer due diligence required and the "Know Your Customers" procedures undertaken.

10.17 Review the process maintained to obtain and confirm customer information for establishing the true identity of the customer, the beneficial owner and person authorized to give instructions; and the customer's financial position, investment experience/knowledge, investment horizons, willingness and ability to take risk, and investment objectives prior to the establishment of an investment account.

10.18 Check the adequacy and due completion of the customer data questionnaire.

10.19 Review the systems and procedures for record-keeping and documentation of customer's information, to ensure that:

- (a) the Distributing Bank maintains up-to-date information about the customers (including without limitation their financial situation, investment experience, investment objectives and risk appetite); and
- (b) the up-to-date information is readily available to sales staff to enable them to sell investment products to customers and give proper advice and recommendations to the customers.

10.20 Review and provide recommendations on the relevant policies and procedures, to ensure that:

- (a) there are appropriate policies and procedures for identifying relationships where the customer does not intend to seek investment advice;
- (b) in each case, there are fair and appropriate policies and procedures for identifying "execution-only" transactions; and
- (c) there are appropriate policies and procedures to identify transactions that should not be treated as "execution-only" transactions.

E. Product due diligence

10.21 Review and provide recommendations on the Distributing Bank's policies and procedures for product due diligence and approval, to ensure that:

- (a) there are in place clear requirements and procedures for carrying out product due diligence;
- (b) the due diligence is performed in accordance with the applicable legal and regulatory requirements, in particular:
 - (i) General Principles 2 and 5 and paragraph 3.4, 5.2 and 5.3 of the Code of Conduct;
 - (ii) Paragraph 3 of Appendix A to the Management Supervision Guidelines; and
 - (iii) the requirements in Suitability FAQ;
- (c) there are in place adequate policies and procedures for the approval of new investment products before they are distributed / sold to customers;

- (d) there are in place appropriate guidelines on product suitability, which require staff members performing due diligence to properly assess the investment products and the types of customers for whom they are suitable, and that such guidelines and assessment results are properly recorded and clearly communicated to sales staff;
- (e) there are clear criteria for adding an investment product into the distribution list as well as removing it from the list when the product fails to continue to meet the evaluation criteria; and
- (f) there are in place proper record-keeping requirements for due diligence conducted on investment products and the criteria for selecting/removing the products.

F. Investment advice on investment products (including solicitations and recommendations)

10.22 For those members of sales staff who are required to provide investment advice to customers, check if they have adequate knowledge and skills to provide investment advice to customers.

10.23 Review the adequacy of procedures and controls in relation to the suitability of recommendations/solicitations/advice made to customers.

10.24 Evaluate the measures and procedures adopted to ensure that the recommendations/advice given to customers are based on thorough analysis, taking into account available alternatives and that such recommendations and advice are appropriate for the customer.

10.25 Check if there is an adequate policy regarding record-keeping and documentation of advice/recommendation given to each customer and the underlying rationale.

10.26 Review the adequacy of policies or procedures relating to disclosure of investment product features, risks and any other material factors to assist customers to understand the product and make informed decisions.

10.27 Review the policies and procedures in relation to minimizing and the full disclosure of conflicts of interest between the Distributing Bank or its staff and customers, especially in relation to fees, commissions, charges, etc, from selling investment products.

10.28 Review and provide recommendations on the policies and procedures relating to the sale to customers of investment products that are assessed by the Distributing Bank to be unsuitable, to ensure that:

- (a) sale of unsuitable investment products is exceptional;
- (b) such sales are duly reported to management and there is adequate management supervision over such sales process;
- (c) there is adequate disclosure to the customers and appropriate advice is given to the customers, including clear statements that the products are unsuitable, explanations as to why the investment products are not suitable, and advice on alternative investments that may be suitable;
- (d) such disclosure and advice to the customers are properly documented;
- (e) the sale to the customer can proceed only if (i) there are sufficient justifications, taking into account all the information known about the customer, particularly the customers' investment experience and sophistication (and the Distributing Bank cannot solely rely on standard form disclaimers without further justification); (ii) such

justifications are properly documented; and (iii) the Distributing Bank obtains clear confirmations from the customers that they would like to make the investments despite the Distributing Bank's advice to the contrary; and

- (f) adequate guidance is given to sales staff to assess the appropriate circumstances in which the Distributing Bank should decline the transaction.

10.29 Review and provide recommendations on the relevant policies and procedures, to ensure that, prior to the giving of investment advice or sale of investment products to the customers, sales staff are required to:

- (a) obtain or retrieve from the Distributing Bank's internal records the most up-to-date information about the customers (including without limitation their financial situation, investment experience, investment objectives and risk appetite);
- (b) with respect to customers who have already provided such information to the Distributing Bank, obtain from the customers information about their latest financial situation and make appropriate enquiries with the customers to ascertain whether there are changes to the information previously provided (such as their investment objectives and risk appetite); and
- (c) give advice and explanations to the customers and assess the suitability of the investment products for the customers having regard to the most up-to-date customer information.

10.30 Review the adequacy of the Distributing Bank's policy in respect of sales of investment products to vulnerable or elderly customers.

G. Compliance function in respect of investment products

10.31 Determine whether the compliance function is independent of other business functions and reports directly to senior management.

10.32 Assess the adequacy of resources, experience and technical competence for the performance of compliance function.

10.33 Review the compliance surveillance framework, compliance monitoring programs/procedures, and procedures for reporting and following up on breaches/suspected breaches.

IV. Reporting on the Internal Control Review

- 11. The Reviewer will provide the Distributing Bank, the Commission and the MA with a draft of the Internal Control Report within [●] of the commencement of the review.
- 12. The draft Internal Control Report will include the Reviewer's preliminary findings and recommendations.
- 13. Upon any request by the Commission or the MA, the Reviewer shall meet with the Distributing Bank, the Commission and the MA, to discuss the draft Internal Control Report.
- 14. The Distributing Bank shall, have a reasonable opportunity to discuss the draft Internal Control Report with the Internal Control Reviewer before it is finalised and if it considers appropriate, may provide written comments to the Reviewer on the draft Internal Control Report.

15. The Reviewer will provide the Distributing Bank, the Commission and the MA with a final Internal Control Report within [•] from its provision of the draft Internal Control Report.
16. The final report will include the Reviewer's final findings and recommendations, and may record any comments provided by the Distributing Bank on the draft Internal Control Report.
17. The Internal Control Report will also set out:
 - (i) an evaluation and assessment of the adequacy and effectiveness of the Review Parameters, and their compliance with the applicable legal and regulatory requirements;
 - (ii) the relevant findings of fact;
 - (iii) its assessment of the Distributing Bank's performance in the above areas in terms of its systems, procedures and controls; and
 - (iv) its recommendations, if any, as to how the Distributing Bank's internal controls and systems might be enhanced to ensure compliance.

V. The engagement

18. Both the MA and the Distributing Bank are parties to the engagement of the review by the Reviewer. The MA will pay HK\$1.00 in fees and the Distributing Bank will pay the balance of the Reviewer's fees, disbursements and expenses. Except for HK\$1.00 payment referred to above, the MA will not be liable under any circumstances for the Reviewer's fees, disbursements or expenses.
19. The Reviewer should be aware that, notwithstanding that virtually all the fees, disbursements and expenses are the responsibility of the Distributing Bank, the MA will be entitled to rely on the Reviewer's professional opinion made in the reports in discharging his regulatory functions.
20. The Reviewer acknowledges that no variation can be made to these Terms of Reference and the scope of work without the MA's and Commission's written consent.

AGREEMENT PURSUANT TO
SECTION 201 OF THE SECURITIES AND FUTURES ORDINANCE

APPENDIX III
TERMS OF REFERENCE
COMPLAINTS HANDLING

Terms of Reference for [*name of Complaints Handling Reviewer*]

[*name of bank*] (the "Distributing Bank")

I. Basic parameters of the complaints handling review

1. The Securities and Futures Commission (the "**Commission**"), the Monetary Authority (the "**MA**") and 16 bank distributors of Minibonds entered into an agreement pursuant to section 201 of the Securities and Futures Ordinance (the "**s201 Agreement**").
2. In accordance with the s201 Agreement, [*name of Complaints Handling Reviewer*] (the "**Complaints Handling Reviewer**") is engaged to conduct a review of the Distributing Bank's customer complaints handling procedures and mechanism for dispute resolution with its customers of complaints and disputes relating to investment products (the "**Complaints Handling Review**") and to prepare and submit a report thereon, with recommendations on enhanced practices and procedures for complaints handling and dispute resolution (the "**Complaints Handling Review Report**"), to the Commission, the MA and the Distributing Bank.
3. The purpose of the Complaints Handling Review is to reinforce the cornerstone regulatory principle that the senior management of the Distributing Bank bear the primary responsibility in respect of investment products for ensuring:
 - (a) complaints from customers relating to the business of the registered institutions are handled in a timely and appropriate manner;
 - (b) steps are taken to thoroughly investigate and promptly respond to the customers' complaints;
 - (c) complaints that are upheld will be remedied properly; and
 - (d) if the complaints are not upheld after the completion of the complaint handling procedures, customers are properly advised of any further steps that may be available to them under the regulatory system (collectively the "**Review Parameters**").

For the purposes of these Terms of Reference, the term "investment products" means structured investment products not listed on any recognized stock exchange.

4. The Complaints Handling Review is intended to review current systems, controls, practices and processes and to make recommendations in accordance with this Terms of Reference. It is not intended to require the Complaint Handling Reviewer to investigate historical systems, controls, practices and processes.
5. The Complaints Handling Reviewer, the Commission and the MA shall keep the Complaints Handling Report and its contents confidential and shall not disclose the same to any third party without the prior consent of the Distributing Bank or according to law.

II. Powers of the Complaints Handling Reviewer

6. The Complaints Handling Reviewer may examine and obtain copies of all of the Distributing Bank's documents relating to the Review Parameters as it reasonably considers relevant for the purposes of preparing the Complaints Handling Review Report.

7. As part of the review, the Complaints Handling Reviewer may as it reasonably considers appropriate organise and conduct individual interviews, including face-to-face and telephone interviews, with: (i) senior management, officers and staff members of the Distributing Bank; and (ii) customers who have lodged complaints against the Distributing Bank.
8. As part of the review, the Complaints Handling Reviewer may conduct sample testing and review of the Distributing Bank's records and transactions relating to the resolution of previous customer complaints in respect of investment products.

III. Scope of the review

9. If so requested by the MA or the Commission, prior to commencing the review the Complaints Handling Reviewer shall meet with the MA and the Commission to discuss the applicable legal and regulatory standards, the extent and scope of the review and the MA's and the Commission's expectations of the same.
10. The Complaints Handling Reviewer shall review and make recommendations in relation to the following areas in respect of investment products:

Ensure compliance with applicable codes and regulations

10.1 Review and provide recommendations on the written policies and procedures for customer complaints handling in respect of the sales of investment products to ensure that:

- (a) there is in place clear requirements and procedures for the handling and investigation of customer complaints and a proper mechanism for resolving disputes with customers; and
- (b) the complaint handling policies and procedures will involve an examination the Distributing Bank's and its relevant staff's compliance with all applicable legal and regulatory requirements, including without limitation the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission ("**Code of Conduct**"), the Management, Supervision and Internal Control Guidelines For Persons Licensed by or Registered with the Securities and Futures Commission ("**Management Supervision Guidelines**") and the relevant codes, guidelines and circulars issued by the MA.

10.2 Review and provide recommendations on the organizational structure, including the segregation of staff duties and reporting lines, to ensure that:

- (a) the complaints handling function is performed by staff (the "**Complaints Handling Staff**") who are: (i) appropriately qualified and experienced; and (ii) independent of other business functions and are not directly involved in the subject matter of the complaints;
- (b) the Complaints Handling Staff report directly to senior management; and
- (c) the complaints handling function is properly supervised and enforced by appropriately qualified members of senior management.

10.3 Review and provide recommendations on the Distributing Bank's policies and procedures on the receipt, handling, investigation and resolution of customer complaints to ensure that:

- (a) there are sufficient channels for customers to lodge their complaints;
- (b) written responses are sent to the customers promptly to acknowledge receipt of the complaints and to inform the customers about the launch of investigations;
- (c) customer complaints are handled in a timely and appropriate manner;
- (d) customer complaints are investigated and assessed thoroughly, fairly and objectively, taking into account all the relevant matters including all relevant information relating to the customers, the investment product(s)/service(s) in question and the subject matter of the complaint;
- (e) each investigation of customer complaints involves an interview with the relevant customer and other relevant witnesses;
- (f) each investigation of customer complaints includes an assessment of the conduct of the relevant staff involved in dealing with the customer and whether the conduct of the relevant staff and that of the Distributing Bank was in compliance with the Code of Conduct, the Management Supervision Guidelines and all other applicable legal and regulatory requirements;
- (g) if an investigation identifies any non-compliance with the applicable legal and regulatory requirements, the Complaints Handling Staff promptly reports such non-compliance to senior management;
- (h) the Distributing Bank promptly informs the customers of the preliminary results of the investigations and provides a reasonable opportunity to be heard to the customers before issuing the final results;
- (i) the Distributing Bank examines thoroughly any representations and additional documents provided by the customers after the customers are advised of the preliminary results;
- (j) customers are duly advised of the final results and any appropriate remedial actions are taken promptly upon the completion of each investigation;
- (k) in relation to complaints which are upheld by the Distributing Bank or where the investigations reveal any non-compliance with any applicable legal and/or regulatory requirement, the Distributing Bank has a fair and reasonable process (which takes account of the Distributing Bank's obligations under General Principle 1 of the Code of Conduct) for determining whether, and on what terms, the customer should be offered financial redress in respect of loss or damage the customer has suffered as a result of any breach by the Distributing Bank of applicable laws or regulatory requirements;
- (l) if a complaint is not resolved to the customer's satisfaction: (i) the relevant Complaints Handling Staff would if reasonably considered necessary in the circumstances report the case to senior management for appropriate follow-up actions; and (ii) the Distributing Bank would advise the customer of any further steps or action that may be available to the customer under the existing regulatory regime;
- (m) each customer complaint is the subject of a written report explaining the findings of the investigation and such reports are submitted to senior management as well as the relevant business functions after the investigation; and

- (n) senior management and the relevant business functions implement appropriate follow-up actions after each investigation to prevent recurrence of similar errors or omissions (if any).

10.4 To select samples and review in detail the complaints handling process in each sample to assess and make recommendations to ensure that:

- (a) the Complaints Handling Staff had strictly followed the Distributing Bank's complaints handling policies and procedures, and
- (b) there is adequate senior management supervision and oversight of the complaints handling function.

10.5 Assess and make recommendations on the adequacy of resources, technical competence and experience for the performance and supervision of the complaints handling function.

10.6 Assess and make recommendations on the adequacy of policies and procedures relating to proper record keeping and documentation of customer complaints, findings, recommendations and resolutions.

10.7 Review and make recommendations on the Distributing Bank's customer complaints records to ensure proper audit trails are maintained for all customer complaints, their investigation and the Distributing Bank's responses to the customers.

IV. Reporting on the Complaints Handling Review

- 11. The Complaints Handling Reviewer will provide the Distributing Bank, the Commission and the MA with a draft of the Complaints Handling Review Report within [●] of the commencement of the review.
- 12. The draft Complaints Handling Review Report will include the Complaints Handling Reviewer's preliminary findings and recommendations.
- 13. Upon any request by the Commission or the MA, the Complaints Handling Reviewer shall meet with the Distributing Bank, the Commission and the MA, to discuss the draft Complaints Handling Review Report.
- 14. The Distributing Bank shall have a reasonable opportunity to discuss the draft Complaints Handling Report with the Complaints Handling Reviewer before it is finalised and, if it considers appropriate, may provide written comments to the Complaints Handling Reviewer on the draft Complaints Handling Review Report.
- 15. The Complaints Handling Reviewer will provide the Distributing Bank, the Commission and the MA with a final Complaints Handling Review Report within [●] from its provision of the draft Complaints Handling Review Report.
- 16. The final report will include the Complaints Handling Reviewer's final findings and recommendations, and may record any comments provided by the Distributing Bank on the draft Complaints Handling Review Report.
- 17. In the Complaints Handling Review Report, the Complaints Handling Reviewer shall include its evaluation and assessment of: (i) whether the Distributing Bank had duly and promptly implemented the measures set out in paragraph 14 of the s201 Agreement; and (ii) the adequacy of such measures.

18. The Complaints Handling Review Report will also set out:

- (i) an evaluation and assessment of the adequacy and effectiveness of the Distributing Bank's customer complaints handling procedures and mechanism for dispute resolution with its customers; and their compliance in respect of investment products with the applicable legal and regulatory requirements;
- (ii) the relevant findings of fact;
- (iii) any non-compliance with the applicable legal or regulatory requirements, other deficiencies identified and the areas for improvement; and
- (iv) recommendations on how the Distributing Bank could enhance its complaints handling procedures and mechanism for dispute resolution with customers.

V. The engagement

- 19. Both the MA and the Distributing Bank are parties to the engagement of the review by the Complaints Handling Reviewer. The MA will pay HK\$1.00 in fees and the Distributing Bank will pay the balance of the Complaints Handling Reviewer's fees, disbursements and expenses. Except for HK\$1.00 payment referred to above, the MA will not be liable under any circumstances for the Complaints Handling Reviewer's fees, disbursements or expenses.
- 20. The Complaints Handling Reviewer should be aware that, notwithstanding that virtually all the fees, disbursements and expenses are the responsibility of the Distributing Bank, the MA will be entitled to rely on the Complaints Handling Reviewer's professional opinion made in the reports in discharging his regulatory functions.
- 21. The Complaints Handling Reviewer acknowledges that no variation can be made to these Terms of Reference and the scope of work without the MA's and Commission's written consent.

AGREEMENT PURSUANT TO
SECTION 201 OF THE SECURITIES AND FUTURES ORDINANCE

APPENDIX IV
PRESS RELEASE

SFC, HKMA and 16 banks reach agreement on Minibonds

The Securities and Futures Commission (SFC), the Hong Kong Monetary Authority (HKMA) and 16 distributing banks (the Banks) (Note 1) today jointly announce that they have reached an agreement in relation to the repurchase of Lehman Brothers Minibonds from eligible customers (Note 2).

The Banks have agreed with the SFC and the HKMA without admission of liability that (Note 3):

- each of the Banks will make an offer to repurchase from each eligible customer all outstanding Minibonds (Note 4) at a price equal to 60% of the nominal value of the original investment for customers below the age of 65 or at 70% of the nominal value for customers aged 65 or above as at 1 July 2009. Customers will be entitled to retain any coupon payments received to date;
- once the underlying collateral is recovered and paid to the Banks, each of them will make a further payment of initially up to 10% (depending on recoveries) of the nominal value of the Minibonds to eligible customers below the age of 65 and, if recoveries exceed 70%, the Banks will pay the entire excess amount to eligible customers who have accepted the repurchase offer (Notes 5 and 6);
- each Bank will make available an amount equivalent to the amount of commission income received by it as a distributor of the outstanding Minibonds to the trustee of the Minibonds to assist in the recovery of the underlying collateral for each outstanding series of Minibonds;
- each of the Banks will immediately implement special enhanced complaints handling procedures to resolve, in a fair and reasonable manner, all complaints in relation to the sale and distribution of other structured products (Note 7); and
- to demonstrate their commitment in serving the investing public with the highest standards of conduct, each of the Banks: (i) will engage an independent reviewer, to be approved by the SFC and the HKMA, to review its systems and processes relating to the sale of structured products, to report to the SFC and the HKMA and will commit to the implementation of all recommendations by the independent reviewer; and (ii) will engage a qualified third party, as approved by the SFC and the HKMA, to review and enhance complaints handling procedures, and will commit to the implementation of all recommendations by such third party.

People who have previously reached settlement with the Banks in relation to Minibonds will not qualify for the repurchase offer. However, the Banks have undertaken to the HKMA to make ex gratia payments to those customers that have already entered into settlements with the Banks and who would have been eligible to receive the repurchase offer where those customers have received settlement amounts less than they would have received under this agreement. The intention is to bring those customers in line with eligible customers under this agreement.

In consideration of the agreement, the SFC will discontinue its investigations into the sale and distribution of Minibonds by the Banks. The HKMA has also informed the

Banks that as the agreement contains detailed arrangements for the settlement of claims and the implementation of robust systems for selling unlisted structured products and dealing with related customer complaints in future, it is not its intention to take any enforcement action against the Banks in relation to Minibond cases that involve eligible customers who accept the offer.

The SFC considers that this agreement meets the SFC's criteria for resolution under section 201 of the Securities and Futures Ordinance for the following reasons:

- The repurchase scheme should ensure that eligible customers who accept the repurchase offer will, subject to the recovery and distribution of the underlying collateral, receive a total amount that is equal to or greater than what they would otherwise recover if they were simply paid the current market value of the collateral.
- The agreement takes into account that the recoverable value of the collateral is not certain. Even if the recoverable value of the collateral is below the values estimated by experts engaged by the Hong Kong Association of Banks in late 2008, the proposal will still deliver a return for the eligible customers that is equal to or exceeds 60% of their investment (or 70% for customers aged 65 or above).
- The agreement includes a commitment by the Banks, as noteholders, to take reasonable steps to expedite the return of the collateral. It is important that any claim on the collateral that might reduce its recoverable value is negotiated robustly.
- The agreement represents an opportunity to resolve outstanding investigations involving 16 banks in a way that will bring benefits to nearly all holders of outstanding Minibonds.
- The agreement includes special measures in which the Banks will investigate and resolve in a fair and reasonable manner all complaints involving the sale and distribution of other structured products.
- The agreement also remediates the Banks' systems and processes to meet the highest standards that will provide enhanced protection to the investing public in the future and give the investing public an assurance that the parties are determined to ensure these events are not repeated.
- The SFC and the HKMA believe that the repurchase offer by the Banks is a reasonable one and is in the public interest.

"Strong markets, like Hong Kong's, need strong regulations. This agreement will provide substantial benefits for the vast majority of customers holding Minibonds that would not otherwise be received by them and, given the number of Banks and customers involved, the agreement is a watershed in the regulation of financial services in Hong Kong," said the SFC's Chief Executive Officer, Mr Martin Wheatley.

"Specifically, the agreement paves the way for customers who hold Minibonds to receive a substantial return of their capital. Secondly, the financial support of the Banks, using the commission income received in the sale of Minibonds, will expedite the return of the underlying collateral to Hong Kong Minibond holders. This aligns the interests of the Banks and customers holding Minibonds. Thirdly the agreement

provides the framework for the Banks to develop higher standards of practice in the future and to resolve complaints in relation to other structured products. For these reasons, the SFC firmly believes it is an appropriate resolution of the Minibond issue with these banks," remarked Mr Wheatley.

Mr YK Choi, Deputy Chief Executive of the HKMA, said: "The HKMA welcomes and supports the repurchase scheme and considers it to be practical, reasonable and in the interests of the great majority of Minibond investors. The HKMA encourages eligible customers to consider the repurchase offer by the Banks."

Dr The Hon Sir David Li Kwok-po, Chairman and Chief Executive of The Bank of East Asia, Ltd, said on behalf of the Banks: "The Banks are pleased to have reached this agreement with the SFC and the HKMA which we believe will benefit Hong Kong as an international financial centre. It evidences our joint effort to assist the Minibond investors in Hong Kong who have been impacted by the sudden collapse of the Lehman Brothers Group, and to reinforce public confidence in Hong Kong's banking, financial and regulatory systems. This agreement demonstrates our unwavering commitment to the good of Hong Kong and the welfare of our customers. We will continue to work with the SFC and the HKMA to maximise the confidence of our customers in Hong Kong's banks, and to ensure that the standards maintained by Hong Kong's banks will be in line with international best practice."

The SFC acknowledges the substantial assistance of the HKMA in the investigation of these cases.

End

Notes to Editor:

1. The Banks are: (1) ABN AMRO Bank N.V.; (2) Bank of China (Hong Kong) Ltd; (3) Bank of Communications Co Ltd; (4) The Bank of East Asia, Ltd; (5) Chiyu Banking Corporation Ltd; (6) Chong Hing Bank Ltd; (7) CITIC Ka Wah Bank Ltd; (8) Dah Sing Bank Ltd; (9) Fubon Bank (Hong Kong) Ltd; (10) Industrial and Commercial Bank of China (Asia) Ltd; (11) Mevas Bank Ltd; (12) Nanyang Commercial Bank, Ltd; (13) Public Bank (Hong Kong) Ltd; (14) Shanghai Commercial Bank Ltd; (15) Wing Hang Bank Ltd; and (16) Wing Lung Bank Ltd.

2. Eligible customers will not include professional investors, corporate/non-individual investors (with specified exceptions) or experienced investors (meaning investors who in the three years preceding their first purchase of Minibonds, executed five or more transactions in Leveraged Products, Structured Products or a combination of these products. The definition also excludes those customers who have previously settled claims in relation to Minibonds with the Banks.

3. Please follow this link for the Questions and answers about Lehman Brothers Minibonds Repurchase Scheme by Distributing Banks.

4. Outstanding Minibonds refers to the following series of Minibonds: series 5 – 7 inclusive, series 9 - 12 inclusive, series 15 – 23 inclusive, series 25 - 36 inclusive.

5. Table setting out the projected recovery (%) by eligible customers below the age of 65 as at 1 July 2009:

Collateral amount recovered	0%	5%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Total recovery by eligible customers	60%	65%	70%	70%	70%	70%	70%	70%	70%	80%	90%	100%

6. Table setting out the projected recovery (%) by eligible customers aged 65 or above as at 1 July 2009:


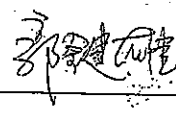
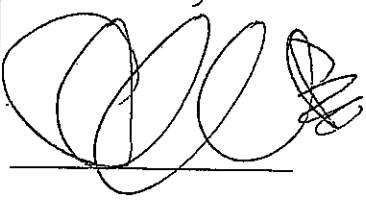
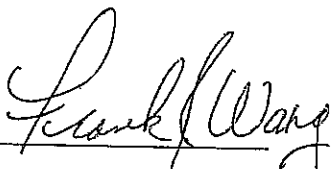
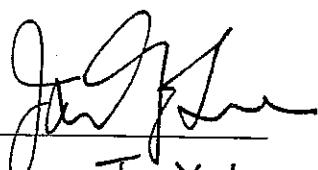
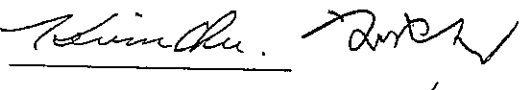
Collateral amount recovered	0%	5%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Total recovery by eligible customers	70%	70%	70%	70%	70%	70%	70%	70%	70%	80%	90%	100%

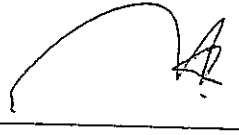
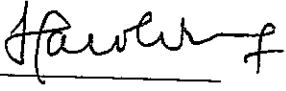

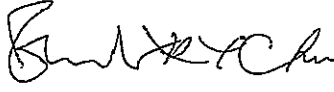
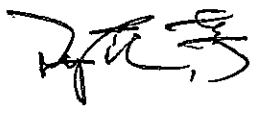
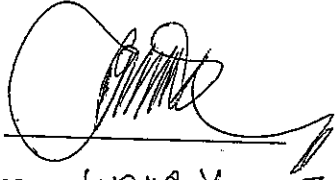
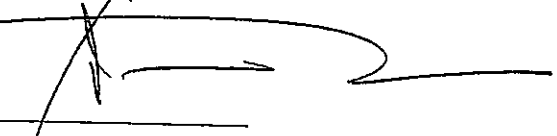
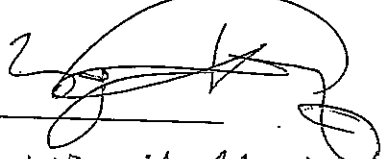
7. The Code of Conduct for Persons Licensed by or Registered with the SFC provides that licensees and registered institutions should ensure customer complaints are handled in a timely and appropriate manner, steps are taken to investigate and respond promptly to complaints and, where a complaint is not remedied promptly, the client is advised of further steps available under the regulatory system.



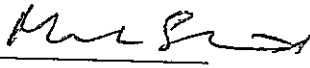
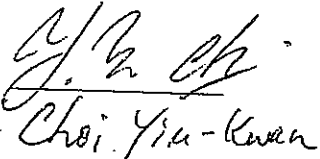
Addendum to clause 18 of the s.201 Agreement

ABN AMRO Bank N.V. ("ABN") is proposing to sell its Retail and Commercial business in Asia and to this end has invited interested third parties to submit bids (Bidders).

ABN has the right to disclose to the Bidders and their professional advisors (Recipients) this Agreement and its terms and Appendices and information relating to them, provided that any such Recipients shall agree to keep all such information confidential, and agree not to further disclose the same to any third party without the prior written consent of all the Parties to this Agreement.

<p>For and on behalf of <i>NANYANG COMMERCIAL BANK LTD.</i></p> <p></p> <p>Name: <i>Yuen Wai Keung</i></p> <p>Date:</p>	<p>For and on behalf of <i>WING LUNG BANK LTD.</i></p> <p></p> <p>Name: <i>KWOK KIN HUNG</i></p> <p>Date:</p>
<p>For and on behalf of <i>The Bank of East Asia, Limited</i></p> <p></p> <p>Name: <i>TONG HON SANG</i></p> <p>Date:</p>	<p>For and on behalf of <i>Winglung Bank, Ltd</i></p> <p></p> <p>Name: <i>FRANK J. Wang</i></p> <p>Date: <i>22/07/09</i></p>
<p>For and on behalf of <i>Fubon Bank (Hong Kong) Limited</i></p> <p></p> <p>Name: <i>Jim Lee</i></p> <p>Date: <i>22/07/09</i></p>	<p>For and on behalf of <i>Chong Hing Bank Ltd.</i></p> <p></p> <p>Name: <i>Au Kevin Wai Hung / Lau Wai Man</i></p> <p>Date: <i>22/7/09</i></p>

<p>For and on behalf of PUBLIC BANK (HK) LTD.</p>  <p>Name: TAN YOKS KONG Date: 22-7-2009</p>	<p>For and on behalf of Dah Sing Bank Limited</p>  <p>Name: H. WONG Date: 22/7/2009</p>
<p>For and on behalf of MEVAS BANK LIMITED</p>  <p>Name: JOHN C. LAM Date: 22/7/2009</p>	<p>For and on behalf of ABN AMRO BANK N.V.</p>  <p>Name: ALEXANDER R.Y. CHU Date:</p>
<p>For and on behalf of Bank of Communications Co., Ltd. Hong Kong Branch</p>  <p>Name: CHAN HA FONG NANCY Date: 2009/7/22</p>	<p>For and on behalf of INDUSTRIAL & COMMERCIAL BANK OF CHINA (HK) LTD.</p>  <p>Name: WONG YUEN FAI Date: 22/7/2009</p>
<p>For and on behalf of CITIC ka wah Bank Ltd</p>  <p>Name: Doreen Chan Date: 22 July 2009</p>	<p>For and on behalf of CITIC BANKING CORP. LTD.</p>  <p>Name: NG MAN KUNG Date: 22/7/2009</p>

<p>For and on behalf of Bank of China (Hong Kong) Ltd.</p> <p></p> <hr/> <p>Name: Yingxin Gao Date: 22/7/09</p>	<p>For and on behalf of SHANGHAI COMMERCIAL BANK LTD.</p> <p></p> <hr/> <p>Name: EDWARD KAWAH CHU Date: 22/7/2009</p>
<p>For and on behalf of The Securities and Futures Commission</p> <p></p> <hr/> <p>Mark Steward Executive Director of Enforcement Date 22/7/2009</p>	<p>For and on behalf of The Hong Kong Monetary Authority</p> <p></p> <hr/> <p>Choi Yiu-Kwan Date: 22/7/09</p>