

Transcript of remarks by FS at media session

Monday, October 6, 2008

Following is the transcript of remarks (English portion) by the Financial Secretary, Mr John C Tsang, at a media session at the Central Government Offices today (October 6):

Financial Secretary: I have today met with the trustees – HSBC – and distributing agents which are the banks and brokers of the Lehman Brothers minibonds and discussed with them the best way forward in helping holders of such products. The Government fully understands the position of the small investors and knows that they want to get the most up-to-date information concerning their investments and an early solution of the entire matter.

The Government is all along playing the role of an active facilitator. We hope that an amicable arrangement can be reached for investors. I have obtained the agreement of the trustees to disclose to the distributors details of the underlying collaterals of the minibonds and at the meeting with the distributors just now, I have put them to a proposal under which they would offer to buy back the minibonds at their estimated value. I believe that this represents the best way forward. It will avoid the need for investors to go through a long and tedious liquidation process. They will be able to get a clearer picture of where exactly they stand. This proposal will enable the investors to get some of their money back quickly.

During the meeting this afternoon, this proposal has met with a positive response from some banks. Other distributors have also undertaken to give it serious consideration. We hope that a decision can be reached as early as possible. I believe that this is the most practical solution that will directly solve the problem that investors are facing. I hope the investors as well as the distributors will find this arrangement fair and practicable.

(Please also refer to the Chinese portion of the transcript.)

Ends