

OCTAVE NOTES

SERIES 8, 15, 16, 17, 18, 19, 20, 21 AND 22

FREQUENTLY ASKED QUESTIONS

8 DECEMBER 2008

These Frequently Asked Questions have been prepared by Victoria Peak International Finance Limited for the distributors of the Octave Notes, Series 8, 15, 16, 17, 18, 19, 20, 21 and 22 in Hong Kong in relation to the notices sent to distributors of these Series of Octave Notes on 8 December 2008 about the calculation of loss amounts relating to certain credit events which have occurred in respect of the Underlying Securities for the Series of Notes specified below. Any questions from investors should be raised with the institution who sold them the Notes in Hong Kong.

Please read the important notice at the end of this document.

1. Which Series of Notes are referred to in these Frequently Asked Questions?

This document relates to the following notes (referred to herein as the "Notes") issued by Victoria Peak International Finance Limited (the "Issuer"):

<i>Series</i>	<i>Notes</i>	<i>Issue Date</i>
Octave Series 8	USD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2011 (Tranche A) HKD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2011 (Tranche B)	23 December 2005
Octave Series 15	USD Credit-Linked Secured Callable Fixed Rate Notes due 2011 and extendable to 2014 (Tranche A) HKD Credit-Linked Secured Callable Fixed Rate Notes due 2011 and extendable to 2014 (Tranche B)	16 January 2007
Octave Series 16	USD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2012 (Tranche A) HKD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2012 (Tranche B)	16 January 2007
Octave Series 17	USD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2011 and extendable to 2014 (Tranche A)	11 April 2007

	HKD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2011 and extendable to 2014 (Tranche B)	
Octave Series 18	USD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2012 (Tranche A) HKD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2012 (Tranche B)	11 April 2007
Octave Series 19	USD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2011 and extendable to 2014 (Tranche A) HKD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2011 and extendable to 2014 (Tranche B)	9 August 2007
Octave Series 20	USD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2013 (Tranche A) HKD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2013 (Tranche B)	9 August 2007
Octave Series 21	HKD RMB-Linked Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2011 and extendable to 2014	25 October 2007
Octave Series 22	HKD RMB-Linked Credit-Linked Secured Callable Fixed Rate Notes due 2012	25 October 2007

2. What information does the notice to distributors dated 8 December 2008 (the "Notice") for each Series of Notes contain?

Following the recent unprecedented events in the financial markets, credit events have occurred in respect of a number of the reference entities in the underlying reference portfolio(s) of the Underlying Securities for each Series of Notes.

The Notice for each Series of Notes sets out which reference entities in the underlying reference portfolio were affected by credit events and some of the consequences of those credit events. If you are an investor in one of these Series of Notes, you should read the Notice for the relevant Series of Notes carefully.

3. Will the Notes be subject to mandatory early redemption following the occurrence of those credit events?

No. As at the date of this document, the occurrence of these credit events has not caused any Series of the Notes to be subject to mandatory early redemption. However, the Issuer can give no assurance as to whether an early redemption event or a mandatory redemption event (as applicable) will or will not occur in the future in relation to any Series of the Notes.

4. Have the credit events which have occurred in relation to the Underlying Securities resulted in a writedown of the principal amount of the Underlying Securities which are held by the Issuer for that Series?

No. As at the date of this document, the occurrence of these credit events has not resulted in a writedown of the principal amount of the Underlying Securities which are held by the Issuer for that Series in accordance with their terms (a "Principal Writedown"). However, the Issuer can give no assurance as to whether a Principal Writedown will or will not occur in the future in relation to the Underlying Securities which are held by the Issuer for any Series of the Notes.

5. What is the consequence for the Notes of a Series if there is a Principal Writedown of the Underlying Securities held by the Issuer for that Series?

As set out in the offering documents for the Notes, if a Principal Writedown occurs in relation to the Underlying Securities for a Series of Notes, an early redemption event or a mandatory redemption event (as applicable) will occur with respect to that Series of Notes and that Series of Notes will become subject to mandatory early redemption as set out in the offering documents for the Notes. The Underlying Securities for that Series of Notes would be sold and the sale proceeds would be applied to meet the Issuer's obligations to investors in the Notes and to other secured creditors in respect of the Notes, as further set out in the offering documents for the Notes. As set out in the offering documents for the Notes, in these circumstances it is likely that the sale proceeds of the Underlying Securities would be substantially less than the principal amount of the Underlying Securities, and therefore the redemption amounts payable to investors by the Issuer would be likely to be substantially less than the principal amount of that Series of Notes.

6. How can I find out the market value of the Notes that I hold?

Investors in a Series of Notes who would like to know the indicative price at which they can sell their Notes should contact the financial institution from which they purchased their Notes. Morgan Stanley & Co. International plc ("Morgan Stanley") in its capacity as market agent for each Series of Notes, through its agent, Morgan Stanley Asia Limited, may quote prices to the financial institutions which sold these Series of Notes to investors, being the prices at which Morgan Stanley will be prepared to purchase Notes of a particular Series from these financial institutions. However, it is under no obligation to

do so. The prices quoted by Morgan Stanley to these financial institutions are indicative only and are not final or binding on Morgan Stanley. However, Morgan Stanley is not able to quote prices directly to, or purchase Notes directly from, investors who bought Notes from these financial institutions. Further details about the market making arrangements for each Series of Notes are set out in the section of the Issue Prospectus for the particular Series of Notes entitled "Market Making Arrangements".

In order to provide investors in a Series of Notes with a general indication of the market value of a Series of Notes, an indicative price which Morgan Stanley has recently quoted to the financial institutions which sold this Series of Notes to investors is set out on the website referred to in the important notice set out at the end of this document. This price is entirely historical and is posted on the website for information purposes only. This is not an actionable price and by posting this price on the website Morgan Stanley is not offering to purchase any Notes from investors. It should be noted that historical market data and historical market trends are not necessarily illustrative or reliable indicators of current or future market behavior. Investors in a Series of Notes who wish to sell their Notes should contact the financial institution from which they purchased their Notes in order to obtain an indicative price at which the relevant financial institution will purchase their Notes.

7. Why are the market values of the Notes low?

The market values of the Notes are attributable to a number of factors.

One of the main factors is that the present unprecedented market conditions in combination with the occurrence of the credit events in relation to the Underlying Securities referred to in the Notice for each Series of Notes has resulted in an increased risk of those Series becoming subject to an early redemption event or a mandatory redemption event (as applicable) in the future if further credit events occur which result in a writedown of the principal amount of the Underlying Securities held by the Issuer for that Series.

Whether the principal amount of the Synthetic CDO Securities which comprise the Underlying Securities for a Series of Notes is reduced or otherwise written down will depend on whether one or more future credit events in respect of the underlying reference entities of such Synthetic CDO Securities occur (and whether any other applicable conditions are satisfied), as well as whether any loss calculations in connection with such credit event(s) exceed the relevant threshold amount.

Further information on the effect of credit events in respect of underlying reference entities on the principal amount and/or market value of Underlying Securities where those Underlying Securities comprise Synthetic CDO Securities is set out:

- (in the case of Series 8) under the paragraph headed "Exposure to the Companies and Sovereign Entity and the Underlying Securities" in the section headed "Risk Factors" in the Issue Prospectus;

- (in the case of Series 15, 16, 17 and 18) under the paragraph headed "Exposure to the Companies and Sovereign Entity and the Underlying Securities" in the section headed "Risk Factors" in the Issue Prospectus and under the paragraph headed "Exposure to the Underlying Securities where Underlying Securities consist of Synthetic CDO Securities, CDO Squared Securities, Credit Commodity Linked Securities and Asset-Backed Securities" in the section headed "Risk Factors" in the Programme Prospectus dated 5 June 2006;
- (in the case of Series 19 and 20) under the paragraph headed "Exposure to the Companies and Sovereign Entity and the Underlying Securities" in the section headed "Risk Factors" in the Issue Prospectus and under the paragraph headed "Exposure to the Underlying Securities where Underlying Securities consist of Synthetic CDO Securities, CDO Squared Securities, Credit Commodity Linked Securities and Asset-Backed Securities" in the section headed "Risk Factors" in the Programme Prospectus dated 25 June 2007; or
- (in the case of Series 21 and 22) under the paragraph headed "Exposure to the Sovereign Entity and the Underlying Securities" in the section headed "Risk Factors" in the Issue Prospectus and under the paragraph headed "Exposure to the Underlying Securities where Underlying Securities consist of Synthetic CDO Securities, CDO Squared Securities, Credit Commodity Linked Securities and Asset-Backed Securities" in the section headed "Risk Factors" in the Programme Prospectus dated 25 June 2007.

The Programme Prospectus and the Issue Prospectus for each Series of Notes is available from the website referred to in the important notice at the end of this document.

8. Who can answer any questions I may have?

You should contact the distributor in Hong Kong that sold you the Notes at the contact telephone number set out below.

Distributor	Contact Number
ABN Amro Bank NV	2176 8822
Bank of China (Hong Kong) Limited	3669 3668
Bank of Communications Co. Ltd., Hong Kong Branch	2269 9699
Chiyu Banking Corporation Limited	2232 3633
Chong Hing Bank Limited	2161 6888 / 3768 6888
CITIC Ka Wah Bank Limited	2287 6788
Core Pacific-Yamaichi International (H.K.) Limited	2826 0857
Dah Sing Bank, Limited	2828 8001
Fubon Bank (Hong Kong) Limited	2566 8181
ICEA Securities Ltd	3102 5606
MEVAS Bank Limited	3101 3838
Nanyang Commercial Bank, Limited	2622 2633

Public Bank (Hong Kong) Limited	2853 4671
Shanghai Commercial Bank Limited	2818 0282
Wing Hang Bank, Ltd	3199 9182
Wing Lung Bank Limited	2526 5555

IMPORTANT NOTICE

This document is a summary of some of the terms of the Notes which are relevant to the questions above and is subject to the full terms of the Notes which are described in the relevant offering documentation in respect of the Notes. Investors should refer to the Programme Prospectus and the Issue Prospectus in respect of the relevant Series of Notes (together referred to in these Frequently Asked Questions as the offering documents in respect of a relevant Series) for further information. Investors should also refer to the Pricing Supplements in respect of the relevant Series of Notes. These documents and certain other documents in relation to the Notes can be accessed on the following website: www.morganstanley.com/octavenotes.

Although Victoria Peak International Finance Limited is under no obligation to provide information in respect of the Notes or the Underlying Securities beyond that specified in the offering documents for the Notes, in the present unprecedented market conditions Victoria Peak International Finance Limited believes that it may be helpful to provide these Frequently Asked Questions relating to the Notes. Except as specified in the offering documents for the Notes, Victoria Peak International Finance Limited is not under any obligation to provide further information in relation to the Notes or to update the information contained in these Frequently Asked Questions.

This document only contains general information in relation to the Notes and does not constitute legal, financial or any other advice. Investors should seek independent advice where necessary. Capitalised terms used in this document but not otherwise defined herein have the meaning given in the offering documents for the relevant Notes.