

**VICTORIA PEAK INTERNATIONAL FINANCE LIMITED**

To the Distributors of the Notes:

|  |                                 |
|--|---------------------------------|
| Bank of Communications Co., Ltd. Hong Kong Branch  | Dah Sing Bank, Limited          |
| CITIC Bank International Limited                   | ICEA Securities Ltd.            |
| Chong Hing Bank Limited                            | MEVAS Bank Limited              |
| Core Pacific-Yamaichi International (H.K.) Limited | Public Bank (Hong Kong) Limited |
|  | Wing Hang Bank, Ltd.            |
|  | Wing Lung Bank Limited          |

**Octave Notes Series 20**

**USD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2013 (ISIN: XS0315041557) ("Tranche A Notes")**

**HKD Credit-Linked Secured Callable Step-up Fixed Rate Notes due 2013 (ISIN: XS0315042282) ("Tranche B Notes")**

**(each a "Tranche" and the notes of any or all Tranches, the "Notes") issued by Victoria Peak International Finance Limited pursuant to its Retail Note Programme (the "Programme")**

We are writing to you because of recent market events. As previously, although we are under no obligation to provide information in respect of the Notes or the Underlying Securities beyond that specified in the Offering Documents, in the present exceptional circumstances we believe it may be helpful to write to all Distributors to provide certain information relating to the Notes and the Underlying Securities. We would encourage you to provide this information to your customers who invested in the Notes.

Since we sent our previous notice to you in relation to the Notes on 17 November 2010, a credit event has occurred in respect of The PMI Group, Inc. Whilst this is not a Reference Entity under the Notes, it is a reference entity under the Underlying Securities.

As of the date of this notice, the occurrence of this credit event has not resulted in an Underlying Securities Default Event or a Mandatory Redemption Event in relation to the Notes. However, it is possible that an Underlying Securities Default Event (which also constitutes a Mandatory Redemption Event) may shortly occur as a result of this credit event. We will provide you with further information if and when that eventuates.

If you have any questions or queries regarding this notice or the Notes, please consult your own legal, tax, accountancy or other professional adviser as you may see fit.

Capitalised terms used but not otherwise defined in this notice or otherwise specified shall have the meanings ascribed thereto in the Issue Prospectus relating to the Notes dated 25 June 2007 (the "Issue Prospectus") or the Private Placement Memorandum Supplement of the Underlying Securities dated 9 August 2007 (the "PPMS"). The Issue Prospectus, the PPMS and certain other documents and information in relation to the Notes can be viewed on the following website: [www.morganstanley.com/octavenotes](http://www.morganstanley.com/octavenotes).

Yours faithfully

**VICTORIA PEAK INTERNATIONAL FINANCE LIMITED**

BY: 

Kareem Robinson

Director

11 January 2012