

Board of Control
Subsidized Schools Provident Fund
津貼學校公積金管理委員會

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MESSAGE TO ALL CONTRIBUTORS

The financial impact of the recent liquidation of the U.S. investment bank, Lehman Brothers Holdings Inc. (“Lehman Brothers”), on the Subsidized Schools Provident Fund (SSPF) is assessed as follows:-

- i) SSPF’s current holdings in Lehman Brothers’ equities and senior debt securities amount to about HK\$3 million and HK\$188 million respectively.

- ii) The portfolio managers have assessed that the value of the equities would need to be fully written-off due to the company’s liquidation, while there might be a 20% to 40% recovery rate for the senior debt securities. Therefore, the estimated total loss of the Fund due to investment in Lehman Brothers’ securities would be around HK\$133 million, which is about 0.2% of the Fund’s net asset.

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