

FTSE MPF INDEX SERIES 2010 MARKET CONSULTATION AND PRODUCT ENHANCEMENTS



BACKGROUND

In 2001 FTSE Group ("FTSE") launched the Mandatory Provident Fund (MPF) benchmarks to meet the specific needs of the Hong Kong investment community. The FTSE All-World Index Series was selected by Towers Watson and the Hong Kong Investment Funds Association ("HKIFA") as the base universe for a range of country and regional equity indices. The FTSE MPF Index Series comprises 23 indices covering portfolio types which capture the investment opportunity allowable under the MPF system.

MARKET DRIVEN - ENHANCING THE SERIES

In 2010, HKIFA, Towers Watson and FTSE conducted a consultation among members of the HKIFA to review the existing FTSE MPF Index Series. The aim of the consultation was to ensure the indices provide the most precise benchmarks for the market by accurately reflecting regulatory requirements, permitted investment markets and asset classes as well as accounting for investment restrictions applied to the MPF system.

The findings from the 2010 market consultation will be used to enhance the index series that would meet the needs of all interested parties while taking the unique regulatory requirements under the MPF system into consideration. The next consultation will be conducted in 2013.

2011 ENHANCEMENTS

On 21 March, 2011, FTSE shall implement a set of enhancements to the existing FTSE MPF Index Series.

1. Index Methodology Changes:

- a. Real Estate Investment Trusts (REITs) which are not authorised by Hong Kong's Securities and Futures Commission (SFC) will be removed from the Index Series*.
- b. Stapled Securities, which is an arrangement under which different securities are quoted jointly, will also be removed from the Index Series*.

2. New Index:

- a. A hedged version of the FTSE MPF Emerging Markets Index will be available to complement the existing index family.

* A list of SFC authorized REITs can be found in the link, <http://www.invested.hk/ProductList/searchProduct/REIT.do?lang=EN>. The list of non-SFC authorized REITs and Stapled Securities to be removed will be available upon request from FTSE Client Services (info@ftse.com).

For more information on the FTSE MPF Index Series, please visit www.ftse.com/hkmpf.

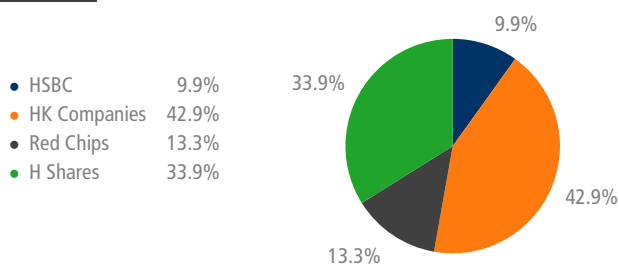
For more information on Hong Kong Mandatory Provident Fund, please visit <http://www.mpfa.org.hk>.

FTSE MPF Hong Kong Index

Index Overview

FTSE MPF Hong Kong Index consists of large cap and mid cap Hong Kong companies*. The Hong Kong listed HSBC is included. It also includes Red Chips and H Shares.

Breakdown

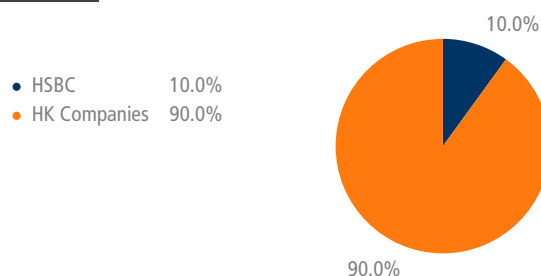


FTSE MPF Domestic Hong Kong Index

Index Overview

FTSE MPF Domestic Hong Kong Index consists of large cap and mid cap Hong Kong companies* and the Hong Kong listed HSBC.

Breakdown

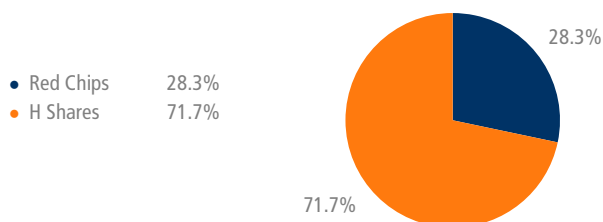


FTSE MPF China Index

Index Overview

FTSE MPF China Index consists of Hong Kong listed Red Chips and H Shares. China A Shares and B Shares are excluded.

Breakdown

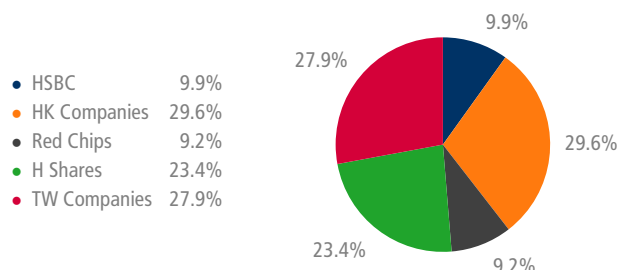


FTSE MPF Greater China Index

Index Overview

FTSE MPF Greater China Index consists of large cap and mid cap companies listed on the Taiwan Stock Exchange and the Stock Exchange of Hong Kong*. It also includes Red Chips and H Shares. The Hong Kong listed HSBC is included.

Breakdown



* Jardine Matheson, Jardine Strategic and Hongkong Land listed in Singapore are currently included in the FTSE MPF Hong Kong Indices

Source: FTSE Group, data as at 31 January 2011

Index	Description
FTSE MPF Japan Index	The FTSE MPF Japan Index consists of large and mid cap companies listed on the Tokyo Stock Exchange and Osaka Securities Exchange.
FTSE MPF USA Index	The FTSE MPF USA Index consists of large and mid cap companies listed on the American Stock Exchange, NASDAQ Stock Market and New York Stock Exchange.
FTSE MPF Asia Pacific ex Japan Index	The FTSE MPF Asia Pacific ex Japan Index consists of companies listed on MPFA approved stock exchanges in Asia Pacific, with market coverage in Australia, China (Red Chips and H Shares), Hong Kong SAR, India, Malaysia, New Zealand, Singapore, South Korea, Taiwan and Thailand. Companies listed in Japan are excluded.
FTSE MPF Asia Pacific ex JP ex HK Index	The FTSE MPF Asia Pacific ex Japan and Hong Kong Index consists of companies listed on MPFA approved stock exchanges in Asia Pacific except Japan and Hong Kong SAR.
FTSE MPF Asia Pacific ex JP ex AU ex NZ Index	The FTSE MPF Asia Pacific ex Japan, Australia and New Zealand Index consists of companies listed on MPFA approved stock exchanges in Asia Pacific except Japan, Australia and New Zealand.
FTSE MPF Asia Pacific ex JP incl. HSBC Index	The FTSE MPF Asia Pacific ex Japan incl. HSBC Index consists of large and mid cap companies listed on MPFA approved stock exchanges in Asia Pacific except Japan. It also includes HSBC listed in Hong Kong.
FTSE MPF Europe Index	The FTSE MPF Europe Index consists of large and mid cap companies listed on MPFA approved stock exchanges in Europe, with market coverage in Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and UK.
FTSE MPF North America Index	The FTSE MPF North America Index consists of large and mid cap companies listed in American Stock Exchange, NASDAQ Stock Market, New York Stock Exchange and Toronto Stock Exchange.
FTSE MPF All-World Index	The FTSE MPF All-World Index is derived from the FTSE All-World Index. It consists of over 2,500 large and mid cap companies listed on MPFA approved stock exchanges in Australia, Austria, Belgium, Brazil, Canada, China (Red Chips and H Shares), Denmark, Finland, France, Germany, Greece, Hong Kong SAR, India, Ireland, Israel, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, UK and USA.
FTSE MPF Emerging Markets Index	The FTSE MPF Emerging Markets Index consists of large and mid cap companies listed on MPFA approved stock exchanges in Brazil, India, Malaysia, Mexico, South Africa, Taiwan and Thailand.

DISCLAIMER

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