

FTSE MPF INDEX SERIES 2008 PRODUCT ENHANCEMENTS

MARKET DRIVEN – EVOLVING THE SERIES

In 2007, the Hong Kong Investment Fund Association (HKIFA), Watson Wyatt and FTSE Group conducted a consultation among members of the HKIFA to review the FTSE MPF Index Series, the index series of choice for the Hong Kong Mandatory Provident Fund (MPF) Scheme. The aim of the consultation was to ensure the indices provide the most precise benchmarks for the MPF Scheme by accurately reflecting regulatory requirements, permitted investment markets and asset classes as well as accounting for investment restrictions.

The responses provided an insight into the views and concerns of the Hong Kong investment community and have now been used to enhance the index series.

ENHANCEMENTS

On 2 July 2008, FTSE Group shall implement a set of enhancements to the existing FTSE MPF Index Series.

1. Index Methodology Changes:

a. Daily capping applied

The consultation revealed that FTSE MPF Index users require daily capping of stocks to meet the regulatory requirements of not having any stock being greater than 10% of the portfolio. This change will also be implemented to avoid intra-month issues and ensure compliance to the regulations.

2. New Indices:

a. FTSE MPF Emerging Markets Index

As asset managers invest a greater portion of their portfolio into high growth emerging markets, this new index will enable them to benchmark their portfolio. Markets included in this index are Brazil, Israel, Korea, Malaysia, Mexico, South Africa, Taiwan and Thailand

b. FTSE MPF Asia Pacific ex Japan inc HSBC Index

This new benchmark allows for a more representative benchmark for a pan-Asia portfolio which includes HSBC, a stock that is domiciled in the UK but often treated as a Hong Kong company. This will allow MPF managers to aggregate their portfolio giving a true indication of their pan-Asia (ex-Japan) performance.

FURTHER INFORMATION

For index values, tax rates and index rules please visit www.ftse.com/hkmpf

ENHANCED INDEX STRUCTURE

All the data and information below incorporates the changes that shall be implemented on 2 July 2008.

A. FTSE MPF INDEX SERIES (AS OF 2 JULY 2008)			
Indices	No of Stocks	Full Market Cap (USDm)	Investible Market Cap (USDm)
FTSE MPF Japan Index	468	3,575,326	2,580,931
FTSE MPF USA Index	667	12,742,308	12,212,555
FTSE MPF Asia Pacific ex JP ex HK Index	464	2,779,439	2,113,981
FTSE MPF Europe Index	511	10,575,925	8,821,000
FTSE MPF North America Index	723	13,984,933	13,297,881
FTSE MPF All-World Index	2579	34,469,950	28,832,036
FTSE MPF Asia Pacific ex JP ex AU ex NZ Index	529	3,476,131	1,982,090
FTSE MPF Asia Pacific ex Japan Index	654	4,512,334	2,910,336
FTSE MPF Hong Kong Index	191	1,919,029	982,488
FTSE MPF Domestic Hong Kong Index	101	810,144	544,605
FTSE MPF China Index	90	1,108,885	437,884
FTSE MPF Greater China Index	301	2,417,397	1,365,917
FTSE MPF Asia Pacific ex Japan incl HSBC Index	655	4,698,468	3,096,470
FTSE MPF Emerging Markets Index	513	3,276,266	2,239,574

Price and Net Return Indices shall be available for all the indices.

B. CHINESE SHARES ALLOCATION (AS OF 2 JULY 2008)					
Indices	HSBC	HK Stocks	Red Chips	H Shares	Taiwan
FTSE MPF Hong Kong Index	10%	41%	19%	30%	0%
FTSE MPF Domestic Hong Kong Index	10%	90%	0%	0%	0%
FTSE MPF China Index	0%	0%	32%	68%	0%
FTSE MPF Greater China Index	10%	27%	13%	21%	29%

C. MANDATORY PROVIDENT FUND SCHEMES AUTHORITY (MPFA) APPROVED EXCHANGES				
	Asia Pacific	Europe	Americas	Africa
Developed	Australia Stock Exchange Hong Kong Stock Exchange Japan – Osaka Securities Exchange – Tokyo Stock Exchange New Zealand Stock Exchange Singapore Exchange	Athens Stock Exchange Borsa Italiana Copenhagen Stock Exchange Deutsche Börse AG Euronext Amsterdam Euronext Brussels Euronext Lisbon Euronext Paris Helsinki Exchanges Irish Stock Exchange London Stock Exchange Luxembourg Stock Exchange Madrid Stock Exchange Oslo Børs Stockholmsbörsen SWX Swiss Exchange Wiener Börse AG	Toronto Stock Exchange USA – American Stock Exchange – NASDAQ – New York Stock Exchange	
Emerging	Bursa Malaysia Korea Stock Exchange Stock Exchange of Thailand Taiwan Stock Exchange Tel-Aviv Stock Exchange		Mexican Stock Exchange Sao Paulo Stock Exchange	JSE Securities Exchange

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