

FTSE MPF Index Series

– 2005 PRODUCT ENHANCEMENTS

MARKET DRIVEN – EVOLVING THE SERIES

In 2004, the Hong Kong Investment Fund Association (HKIFA), Watson Wyatt and FTSE Group conducted a consultation to review the Hong Kong Mandatory Provident Fund (MPF) benchmarks for Equity and Lifestyle funds. The aim of the consultation was to ensure the indices provide the most precise benchmarks for the market by accurately accounting for investment restrictions and Hong Kong tax rates.

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 1 January 2005, FTSE Group shall implement a set of enhancements to the FTSE MPF Index Series:

1. Overall

- FTSE MPF Index Series shall include the Mandatory Provident Fund Authority (MPFA) approved exchanges in its calculation
- Individual constituent in all FTSE MPF Index series shall be capped at 10%, in line with the SFC Code on Unit Trusts and Mutual Funds,
- Net return index based on MPF's actual withholding tax rates shall be calculated (tax rates available from www.ftse.com)
- A three-year full consultation on MPF benchmarks shall be conducted. The next review shall be in the summer of 2007

2. FTSE MPF Hong Kong Index

- H shares that are traded on the Hong Kong Stock Exchange shall be included in the calculation of FTSE MPF Hong Kong Index – benchmark for MPF Hong Kong Equity Fund.

3. Additional MPF Fund Categories / Indices

- Three new fund categories/indices shall be introduced to reflect the changing investment landscape:
 1. FTSE MPF Domestic Hong Kong (inclusion of the Hong Kong listed HSBC and HK listed companies)
 2. FTSE MPF China (inclusion of Chinese listed companies - Red-chips, H shares)
 3. FTSE MPF Greater China (An aggregate of FTSE MPF Domestic Hong Kong, FTSE MPF China and Taiwan Stock Exchanges listed companies)

FURTHER INFORMATION

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

From January to June 2005, constituents files will be available free directly from FTSE. To register to receive the data, please contact our Hong Kong office, details overleaf.



ENHANCED INDEX STRUCTURE

All the data and information below incorporates the changes that shall be implemented on 1 January 2005.

A. FTSE MPF Index Series (as of 1 December 2004)

Indices	No of Stocks	Full Market Cap (USDm)	Investible Market Cap (USDm)
FTSE MPF Asia Pacific ex Japan and Hong Kong	533	1,585,674	1,157,154
FTSE MPF Japan	481	2,864,992	1,950,200
FTSE MPF Asia Pacific ex Japan	691	2,312,616	1,478,328
FTSE MPF USA	634	11,947,320	11,526,042
FTSE MPF North America	705	12,659,866	12,108,989
FTSE MPF Europe	570	7,966,958	6,795,517
FTSE MPF All-World	2595	26,352,670	22,858,811
FTSE MPF Asia Pacific ex Japan, AU and NZ	554	1,715,650	965,369
FTSE MPF Hong Kong	159	917,805	356,846
FTSE MPF China	78	383,165	103,307
FTSE MPF Domestic Hong Kong	81	534,640	231,152
FTSE MPF Greater China	308	1,261,922	626,922

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

B. Chinese Shares Allocation (as of 1 December 2004)

Indices	HSBC	HK Stocks	Red Chips	H shares	Taiwan
FTSE MPF Domestic HK	10%	90%	N/A	N/A	N/A
FTSE MPF HK	10%	59%	16%	15%	N/A
FTSE MPF Greater China	10%	33%	9%	9%	39%
FTSE MPF China	N/A	N/A	46%	54%	N/A

C. Mandatory Provident Fund Association (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 – Securities Trading Limited	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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