

FTSE VALUE-STOCKS CHINA INDEX

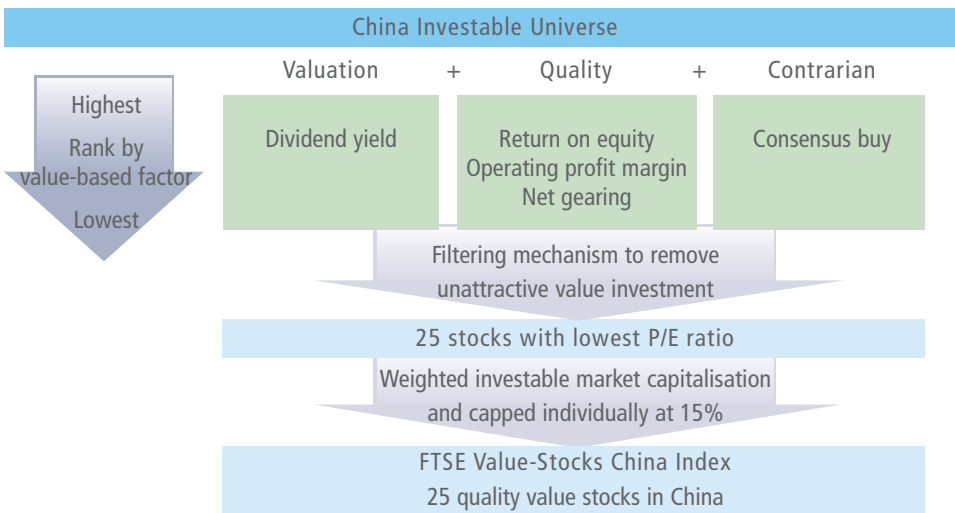
The FTSE Value-Stocks China Index offers investors an exciting new opportunity to access quality value stocks in the China market through a unique, transparent, and rules-based value strategy. This value-based equity index combines FTSE's globally recognised index expertise with Value Partners' proven track record in disciplined value investing. The value-based methodology is designed by Value Partners Index Services Limited and the index is calculated and maintained by FTSE Group, capturing the performance of 25 quality value stocks amongst liquid and tradable Chinese companies listed on the Stock Exchange of Hong Kong (SEHK) including:

H Shares - "H" Shares are securities of companies incorporated in the People's Republic of China ("PRC") and nominated by the PRC Central Government for listing and trading on the SEHK.

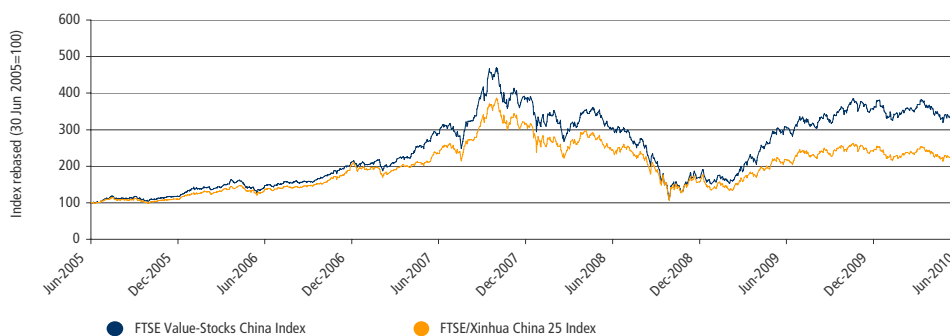
"Red chips" - Red chip companies are incorporated outside of the PRC that trade on the SEHK. A Red chip is a company that has at least 30 per cent of its shares in aggregate held directly or indirectly by mainland Chinese entities, and at least 50 per cent of their sales revenue or operating assets derived from mainland China.

"P chips" - "P" chip companies are defined as companies that trade on the SEHK with at least 50 per cent of their sales revenue or operating assets derived from mainland China.

FTSE VALUE-STOCKS CHINA INDEX SCREENING METHODOLOGY



FTSE VALUE-STOCKS CHINA INDEX FIVE-YEAR PERFORMANCE (HKD TOTAL RETURN)



Source: FTSE Group, data as at 30 June 2010

FEATURES

- Identifies quality and overlooked China value stocks listed in the Hong Kong market
- Avoid value traps – focuses on quality so that highly leveraged and thin profit companies are avoided
- Contrarian – excludes stocks with consensus analyst "buy" calls which have notoriously lagged behind market movements
- Stock attributes are not substitutable. For example, stocks with low P/E but with poor return on equity and low dividend yield are not preferable to real value investors. This unique value screening methodology requires index constituents to pass all factor criteria
- Stocks are capped at 15% to avoid overconcentration in any one stock
- The index is designed for the basis of ETFs and other derivatives
- Capital and Total Return Indices are available
- The index is calculated in accordance with the Industry Classification Benchmark (ICB), a global standard developed in partnership between FTSE Group and Dow Jones Indexes
- Stocks are free-float weighted to ensure that only the investable opportunity set is included within the indices
- Stocks are liquidity screened to ensure that the indices are tradable
- Regular index reviews are conducted to ensure that a continuous and accurate representation of the market is maintained

FTSE VALUE-STOCKS CHINA INDEX PERFORMANCE AND VOLATILITY TABLE (HKD TOTAL RETURN)

	PERFORMANCE								VOLATILITY *		
	3M (%)	6M (%)	YTD (%)	12M (%)	3YR (%)	5YR (%)	3YR (%pa)	5YR (%pa)	1YR Vol (%pa)	3YR Vol (%pa)	5YR Vol (%pa)
FTSE Value-Stocks China Index	-1.9	-2.4	-2.4	16.1	22.6	254.1	7.0	28.8	26.0	47.1	39.1
FTSE/Xinhua China 25 Index	-2.8	-4.7	-4.7	7.9	-0.3	134.3	-0.1	18.6	26.8	46.1	38.1

* Based on annualised daily total returns.

Source: FTSE Group, data as at 30 June 2010

FTSE VALUE-STOCKS CHINA INDEX TOP 10 CONSTITUENTS

Rank	Constituent Name	ICB Supersector	Net Mkt Cap (HKDm)*	Index Weight (%)
1	CNOOC (Red Chip)	Oil & Gas	239,070	15.27
2	Petrochina (H)	Oil & Gas	185,037	14.86
3	China Mobile (Red Chip)	Telecommunications	469,655	14.61
4	Bank of China (H)	Banks	226,350	14.05
5	China Petroleum & Chemical (H)	Oil & Gas	106,556	9.76
6	Bank of Communications (H)	Banks	65,966	6.04
7	China Citic Bank (H)	Banks	46,414	4.25
8	China Communications Construction (H)	Construction & Materials	32,022	2.93
9	Chaoda Modern Agriculture (Holdings)	Food & Beverage	24,111	2.21
10	Dongfeng Motor Group (H)	Automobiles & Parts	23,729	2.17
Totals			1,418,909	86.14

*Free-float adjusted market cap before 15% capping
Source: FTSE Group, data as at 30 June 2010

FTSE VALUE-STOCKS CHINA INDEX SUPERSECTOR BREAKDOWN

ICB Code	ICB Supersector	No. of Constituents	Net Mkt Cap (HKDm)*	Index Weight (%)
0500	Oil & Gas	3	530,663	39.88
8300	Banks	3	338,730	24.34
6500	Telecommunications	1	469,655	14.61
8600	Real Estate	6	48,217	4.42
3300	Automobiles & Parts	3	36,427	3.34
2700	Industrial Goods & Services	3	36,050	3.30
2300	Construction & Materials	1	32,022	2.93
1300	Chemicals	2	27,354	2.51
3500	Food & Beverage	1	24,111	2.21
1700	Basic Resources	1	20,396	1.87
9500	Technology	1	6,580	0.60
Totals		25	1,570,205	100.00

*Free-float adjusted market cap before 15% capping
Source: FTSE Group, data as at 30 June 2010

FTSE VALUE-STOCKS CHINA INDEX PORTFOLIO CHARACTERISTICS

	FTSE Value-Stocks China Index	FTSE/Xinhua China 25 Index
Number of Constituents	25	25
Net Market Cap (HKDm)*	1,570,205	3,091,628
Dividend Yield (%)	3.03	2.46
Constituent Sizes (HKDm)*		
Average	62,808	123,665
Largest	469,655	469,655
Smallest	5,625	10,544
Median	16,656	65,966
Weight of Largest Constituent (%)	15.27	10.49
Top 10 Constituents (%)	86.14	62.86

*Free-float adjusted market cap before 15% capping
Source: FTSE Group, data as at 30 June 2010

INFORMATION

Index Universe
FTSE Global All Cap Index

Index Launch
8 July 2009

Base Date
29 October 2004

Base Value
1000

Investability Screen
Free float adjusted and liquidity screened

Index Calculation
Real-time and end-of-day indices available.
Real-time Index calculated every 15 seconds

End-of-Day Distribution
Indices available at 20:00 China local time (12:00 hours London time GMT or 13:00 hours BST) via FTP and email

Currency
HKD

Review Dates
Semi-annually in May and November

Index Rules
Available at www.ftse.com/valuchina

Vendor Codes
Bloomberg: GPVP002
Reuters: .FTGPVP002

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