

CONCLUSIONS OF THE CONSULTATION ON HIGH SHAREHOLDING CONCENTRATION

February, 2016

CONCLUSION

- Following feedback from investment community, MSCI will exclude securities from the MSCI Global Investable Market Indexes (GIMI) for which the Hong Kong Securities and Futures Commission (SFC) has issued high shareholding concentration notices starting from the February 2016 Quarterly Index Review (QIR).
- Companies included on the SFC high shareholding concentration notices will continue to be ineligible for inclusion in the MSCI GIMI until sufficient public disclosure is made by such companies confirming an increase in free float resulting in a Foreign Inclusion Factor equal to or larger than 0.15, following the SFC high shareholding concentration notice.
- As the current stipulated shareholding disclosure requirements in Hong Kong may be insufficient to conclude whether high shareholding concentration is no longer present, MSCI would review, if made publicly available, all voluntary disclosure of a more granular shareholder structure by such companies.
- MSCI would continue reviewing the free float of companies previously included on the SFC high shareholding concentration notices as stipulated in the MSCI GIMI and the MSCI Corporate Events methodologies. Securities deleted as a result of inclusion on the SFC high shareholding concentration notice will only be considered for index re-inclusion 12 months after sufficient public disclosure confirming that high shareholding concentration is no longer present becomes available.
- Any constituents of the MSCI GIMI for which the SFC issue the high shareholding notice after the February 2016 QIR would be deleted as part of the subsequent index review.

IMPACTED SECURITIES

- The securities listed in the table below will be deleted from the relevant country indexes coinciding with the February 2016 QIR, unless sufficient public disclosure is made available by the company five business days before the effective date of the February 2016 QIR. In such instance, MSCI would review eligibility of such company in order to mitigate potential reverse turnover.

Index	Security Name	SEDOL	Company Mkt Cap	Index Mkt Cap
MSCI China Index	Goldin Properties Hldgs	6680440	4,116	1,646
	Imperial Pacific Intl	BYM8MQ9	3,060	1,224
MSCI China Small Cap Index	China Jicheng Holdings	BYSQ4M7	2,652	663
	Zall Development Group	BYZTNN3	2,723	409
	China New City Comm Dev	BNG5KX2	2,184	437
	Yestar Intl Holdings	BTHH0Y0	954	334
	Honbridge (Cn)	6437594	994	398
	Bloomage Biotechnology	B3DCL55	827	413
	Times Property Holdings	BH3FTS1	600	150
	Jiangnan Group	B6RRXY0	800	400
	Shunfeng Intl Clean Ener	BSVXBC2	982	589
	Wuzhou International	BBFKSX0	522	183
	Wanda Hotel Development	BRTF6T5	624	187
	Huajun Holdings (Cn)	BTLSHQ0	485	218
MSCI Hong Kong Small Cap Index	Evergrande Health Ind	BYYJDM3	2,586	776
	China Smarter Energy Grp	BVFMPJ1	866	476
	Yunbo Digital Synergy	B80YDF3	402	121
	Ione Holdings	B3BCVR9	294	103

Note: All market caps are in USD millions. Data as of the close of December 31, 2015

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