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ANNOUNCEMENT

Hong Kong, 26 January 2012

LYXOR ETF FTSE RAFI US 1000* (Stock code: 2803)
LYXOR ETF FTSE RAFI EUROPE* (Stock code: 2806)
**LYXOR ETF COMMODITIES THOMSON REUTERS/JEFFERIES
CRB TR* (Stock code: 2809)**
LYXOR ETF MSCI INDIA* (Stock code: 2810)
LYXOR ETF MSCI WORLD* (Stock code: 2812)
LYXOR ETF MSCI KOREA* (Stock code: 2813)
LYXOR ETF JAPAN (TOPIX®)* (Stock code: 2814)
**LYXOR ETF MSCI AC ASIA-PACIFIC ex JAPAN* (Stock code:
2815)**
LYXOR ETF MSCI EMERGING MARKETS* (Stock code: 2820)
LYXOR ETF NASDAQ-100* (Stock code: 2826)
**LYXOR ETF RUSSIA (DJ RUSINDEX TITANS 10)* (Stock Code:
2831)**
LYXOR ETF MSCI TAIWAN* (Stock code: 2837)

(*This is a Synthetic ETF)

Lyxor International Asset Management, the manager of the above-mentioned 12 exchange traded funds listed on The Stock Exchange of Hong Kong Limited (each, the “**Lyxor ETF**”, and collectively, the “**Lyxor ETFs**”), wishes to inform you that on 23 January 2012, Standard & Poor’s (“**S&P’s**”) downgraded the long-term counterparty credit rating of Société Générale, currently the swap counterparty and Custodian of the Lyxor ETFs, from A+ to A (the “**S&P’s Downgrade**”).

Unless otherwise defined in this announcement, capitalised terms used in this announcement shall have the same meaning as defined in the Hong Kong Prospectuses of the Lyxor ETFs dated 6 June 2011 (the “**Prospectuses**”).

According to the Business Contingency Plan of the Lyxor ETFs as described in the Prospectuses, the Manager will trigger the Business Contingency Plan under the following events:

- (a) Event of default affecting Société Générale as the swap counterparty of the relevant index swap agreement or as the custodian;
- (b) Downgrading of Société Générale's credit rating granted by at least two credit rating agencies among Moody's, Standard & Poor's and FITCH-AMR's to a level which is strictly below A- for Standard & Poor's, A- for FITCH-AMR's and A3 for Moody's; or
- (c) Any other event (including, without limitation, license suspension, significant litigation linked to the activities of the swap counterparty in the derivatives business, reputation, etc.) which would materially affect the swap counterparty's fitness and properness to act as the counterparty of the relevant Lyxor ETF under the relevant index swap agreement or as the Custodian, or any material risk of occurrence of such event.

In this connection, the Manager confirms that:

1. The S&P's Downgrade does not constitute an event of default affecting Société Générale as the swap counterparty of the relevant index swap agreement or as the Custodian;
2. The S&P's Downgrade does not result in the credit rating assigned by S&P's to Société Générale falling below A- and that as of the date of this announcement, Société Générale has not received any notification from Moody's or FITCH-AMR's that either of them intends to downgrade the credit rating of Société Générale to a level which is strictly below A3 for Moody's and A- for FITCH-AMR's; and
3. It does not consider that any other event has occurred, or that there is any material risk of occurrence of such event, which would materially affect the fitness or properness of Société Générale to act as the Lyxor ETFs' swap counterparty or Custodian.

As such, the Business Contingency Plan is not triggered and the Manager is not obliged to take any of the remedial actions as set out in the Business Contingency Plan.

Furthermore, the Manager does not consider that any other change has occurred in connection with the S&P's Downgrade that might materially prejudice Holders' rights or interests in the context of the current market conditions. Accordingly the Manager intends to retain Société Générale as swap counterparty and Custodian of the Lyxor ETFs.

The Manager will continue to monitor the situation and, as appropriate, keep investors informed of any further developments.

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The Manager accepts responsibility for the accuracy of the information contained in this announcement.

If you have any queries, please direct these to your financial adviser or alternatively SG Securities (HK) Limited, the Hong Kong Representative at Level 38, Three Pacific Place 1 Queen's Road East, Hong Kong (telephone number: (852) 2166 4266).

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