

FTSE/XINHUA CHINA 25 INDEX PERFORMANCE REPORT - INTERNATIONAL INDEX October 2007

(Market performance data provided by FTSE Research)

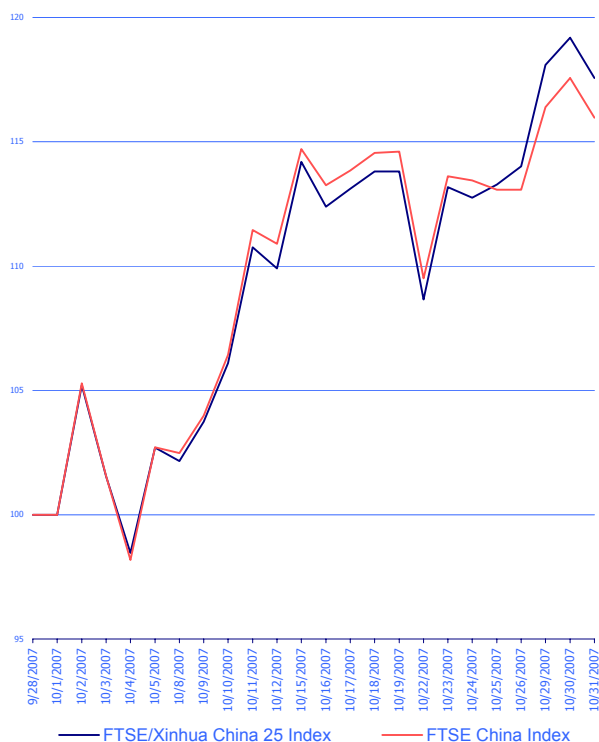
Index Commentary

In October, China's growth story, together with high liquidity as well as expectations that funds from mainland China will pour into the Hong Kong market as investment restrictions are relaxed provided support to the Chinese stocks being traded in Hong Kong. The FTSE/Xinhua China 25 Index was volatile and generally on an upward trend, except for two sharp declines on 4 October and 22 October. The index finally closed at 30711.05 points, up 17.6%.

Constituent Commentary

In terms of constituents, Bank of Communications (3328.HK) was the best performing stock in the FTSE/Xinhua China 25 Index, up 49.5%. The bank, partly owned by HSBC Holdings Plc. which is Europe's biggest bank by market capitalization, published in its Q3 2007 report that its third quarter profit had almost doubled due to the economic growth in China bolstering loan demand and surging fee income from China's stock market rally. In addition, HSBC Holdings Plc raised its ownership in the company to 19 percent this month which the market reacted positively with a share price jump of 7.9% after the announcement was published.

Overall Market Performance (HKD) (Capital Return, from 28.09.2007 to 31.10.2007)



5 Highest Weighted Constituents	Local Code	% wgt
China Mobile (Red Chip)	0941	10.18
Petrochina (H)	0857	8.95
China Life Insurance (H)	2628	7.76
Industrial and Commercial Bank of China (H)	1398	7.29
China Construction Bank (H)	0939	6.86

5 Highest Performers	Local Code	Price Return (%)
Bank of Communications (H)	3328	49.47
China COSCO Holdings (H)	1919	40.12
Industrial and Commercial Bank of China (H)	1398	34.31
Petrochina (H)	0857	31.61
China Communications Construction (H)	1800	31.22

5 Lowest Performers	Local Code	Price Return (%)
Huaneng Power International (H)	0902	-15.08
Datang International Power Generation (H)	0991	-2.46
CITIC Pacific (Red Chip)	0267	-2.22
Aluminum Corp of China (H)	2600	-1.12
Ping An of China (H)	2318	-0.37

Aggregate Price Earnings Ratio	31.27*
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*Source: Nomura International; Data as of 31.10.2007

FTSE/Xinhua China 25 Index is a real-time tradable index, covering H shares and Red Chips. The Index is designed for use by the international investment community as a basis for derivatives trading both on-exchange and over-the-counter (OTC), and index tracking funds (including ETFs).

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FTSE Market Reports are researched and produced on a monthly basis by FTSE Research. For more information about market analysis based on FTSE/Xinhua indices, please contact Andy Harvell, FTSE Group at andy.harvell@ftse.com.

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