

## FTSE/XINHUA CHINA 25 INDEX PERFORMANCE REPORT - INTERNATIONAL INDEX June 2008

(Market performance data provided by FTSE Research)

### Index Commentary

In June, the FTSE/Xinhua China 25 Index fluctuated on a downward trend. At the end of the month, the FTSE/Xinhua China 25 Index closed down 12.7% at 19452.6 points. The index in the first half of 2008 had fallen by 23.7%, its worst performance since the index was launched in 2001.

On 2 June, the first trading day of the month, the FTSE/Xinhua China 25 Index rose to its month high of 22748.3 points, led by China Mobile (0941.HK). Thereafter, it started to fall on renewed concerns that credit losses will widen and slow global economic growth. On 10 June, the FTSE/Xinhua China 25 Index fell by 5.3%. The announcement by China's Central Bank on 7 June to increase its reserve ratio for the fifth time this year, and that the Producer Price Index (PPI) had risen to its 3-year high of 8.2% heightened worries that China will take further tightening measures to fight inflation. The soaring oil prices and a jump in the U.S. unemployment rate also hit the market sentiment.

### Constituent Commentary

In terms of constituents, the worst performer in the FTSE/Xinhua China 25 Index was Air China (0753.HK), down 34.0%, due to the price of jet fuel soaring more than 90 percent in the last 12 months. Aluminum Corp of China (2600.HK), down 33.6%, was the second worst performer since it announced that its first-half profit will fall by more than 50 percent due to rising energy costs. The best performer BOC Hong Kong (2388.HK), up 3.6%, was the only constituent in the FTSE/Xinhua China 25 Index that had positive returns this month.

### Overall Market Performance (USD) (Capital Return, from 30.05.2008 to 30.06.2008)



5 Highest Weighted Constituents	Local Code	% wgt
Industrial and Commercial Bank of China (H)	1398	8.98
China Mobile (Red Chip)	0941	8.95
China Life Insurance (H)	2628	8.28
Petrochina (H)	0857	7.71
CNOOC (Red Chip)	0883	6.63

5 Highest Performers	Local Code	Price Return (%)
BOC Hong Kong (Holdings) (Red Chip)	2388	3.56
CNOOC (Red Chip)	0883	-1.32
China Petroleum & Chemical (H)	0386	-7.12
Industrial and Commercial Bank of China (H)	1398	-8.58
China Mobile (Red Chip)	0941	-8.63

5 Lowest Performers	Local Code	Price Return (%)
Air China (H)	0753	-34.02
Aluminum Corp of China (H)	2600	-33.60
China Telecom (H)	0728	-25.22
China Communications Construction (H)	1800	-22.26
China Coal Energy (H)	1898	-22.06

**Aggregate Price Earnings Ratio** 13.55\*

\*Source: Nomura International; Data as of 30.06.2008

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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