

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

(Market performance data provided by FTSE Research)

### Index Commentary

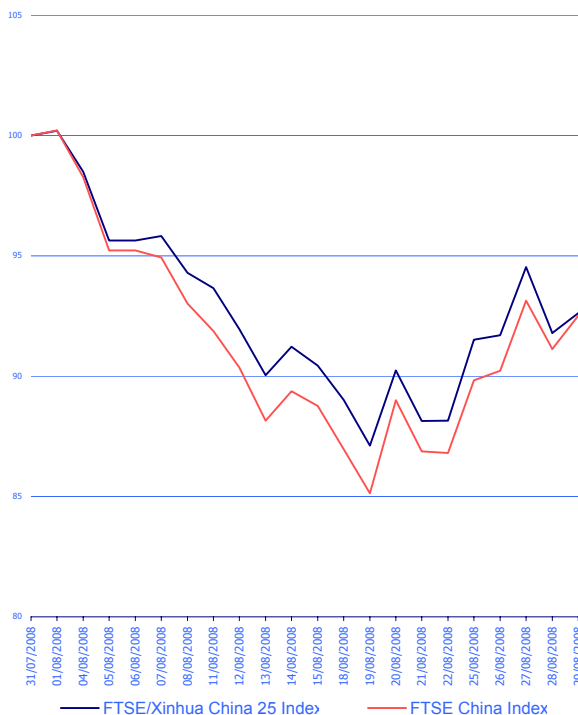
In August, the FTSE/Xinhua China 25 Index fluctuated on a downward trend. By the end of the month, the FTSE/Xinhua China 25 Index was 18691.1 points, down 7.3% the lowest since August 2007 when the U.S. subprime crisis exploded.

The FTSE/Xinhua China 25 Index this month has been mainly influenced by the Chinese Government's policy, the U.S. stock market and commodity prices. On 1 August, the FTSE/Xinhua China 25 Index closed at the month high of 20210.5 points after China's President Hu Jintao said the nation needed to maintain a 'steady and fast' economic growth. Thereafter the index went into a straight decline partially due to a weakening in the global markets as well as the expected pre-Olympic rally failing to materialize. The FTSE/Xinhua China 25 Index reached its month low of 17590.3 points on 19 August, down 12.8% from the close of last month. At the end of the month, the index rebounded significantly stimulated by the falling crude oil prices.

### Constituent Commentary

In terms of constituents, the worst performers were China Unicom (0762.HK) and China Netcom (0906.HK), down 23.7% and 23.3% respectively. These two companies will be merging in October and their first half performances were down due to declining sales and revenue growth. Datang International Power Generation (0991.HK) gained 12.1% and was the best performer on speculation that the government will increase electricity prices after the Beijing Olympic Games. The third best performer Huaneng Power International (0902.HK), up 5.1%, also benefited from this news.

### Overall Market Performance (USD) (Capital Return, from 31.07.2008 to 29.08.2008)



5 Highest Weighted Constituents	Local Code	% wgt
Industrial and Commercial Bank of China (H)	1398	9.28
China Mobile (Red Chip)	0941	8.88
Petrochina (H)	0857	8.39
China Life Insurance (H)	2628	7.77
CNOOC (Red Chip)	0883	6.18

5 Highest Performers	Local Code	Price Return (%)
Datang International Power Generation (H)	0991	12.07
Ping An of China (H)	2318	5.77
Huaneng Power International (H)	0902	5.05
CNOOC (Red Chip)	0883	2.73
China Life Insurance (H)	2628	0.34

5 Lowest Performers	Local Code	Price Return (%)
China Unicom (Red Chip)	0762	-23.73
China Netcom (Red Chip)	0906	-23.25
China COSCO Holdings (H)	1919	-20.34
China Mobile (Red Chip)	0941	-14.59
Aluminum Corp of China (H)	2600	-12.47

Aggregate Price Earnings Ratio	13.46*
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\*Source: Nomura International; Data as of 29.08.2008

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).

**For further information about FTSE Xinhua Indices, please contact**  
**Hong Kong +852 2230 5800 Beijing, China +86 10 5864 5277 info@ftsexinhua.com www.ftsexinhua.com**

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 Jamie Perrett, FTSE Group at jamie.perrett@ftse.com.

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