

FTSE/XINHUA CHINA 25 INDEX PERFORMANCE REPORT - INTERNATIONAL INDEX February 2008

(Market performance data provided by FTSE Research)

Index Commentary

In February, the FTSE/Xinhua China 25 Index swung dramatically, primarily affected by the ups and downs in the U.S. market. Earlier this month, stocks plunged following the release of a report showing a sharp contraction in the service sector business activity in January fueled concerns the U.S. economy was already in a recession.

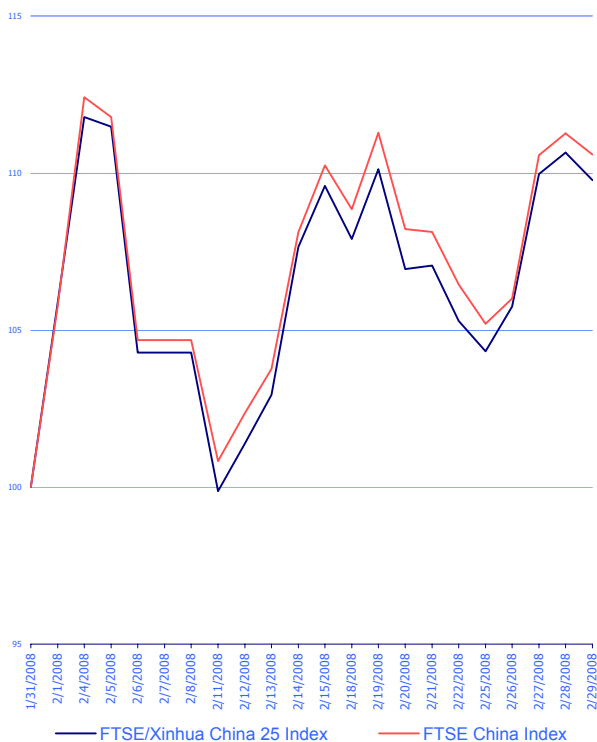
On 11 February, the market declined further after the Group of Seven policy makers said turmoil in the capital markets will dent global economic growth, but the market rose again after the U.S. retail sales unexpectedly climbed.

At the end of the month, comments from the U.S. Federal Reserve's chairman fueled speculation that the central bank will further cut interest rates. In addition, CIC, China's USD200 billion sovereign wealth fund, said it will give investment mandates to hedge fund and private equity funds. The market reacted positively as investors expect more money will enter Hong Kong's stock market when the plan is implemented. The

Constituent Commentary

In terms of constituents, China's largest producer of metal, Aluminum Corp of China (2600.HK), also called Chalco, was the best performing stock in the FTSE/Xinhua China 25 Index in February. Chalco's stock price rose after its parent Chinalco and aluminum producer Alcoa bought a USD 14 billion stake in the Rio Tinto Group.

Overall Market Performance (HKD) (Capital Return, from 31.01.2008 to 29.02.2008)



5 Highest Weighted Constituents	Local Code	% wgt
China Mobile (Red Chip)	0941	10.03
China Life Insurance (H)	2628	8.17
Industrial and Commercial Bank of China (H)	1398	7.95
Petrochina (H)	0857	7.84
China Construction Bank (H)	0939	6.16

5 Highest Performers	Local Code	Price Return (%)
Aluminum Corp of China (H)	2600	43.51
China COSCO Holdings (H)	1919	33.35
CNOOC (Red Chip)	0883	22.45
Industrial and Commercial Bank of China (H)	1398	19.65
China Merchant Holdings (Red Chip)	0144	13.94

5 Lowest Performers	Local Code	Price Return (%)
China Unicom (Red Chip)	0762	-4.67
China Citic Bank (H)	0998	-3.36
China Coal Energy (H)	1898	-1.23
BOC Hong Kong (Holdings) (Red Chip)	2388	1.25
China Shenhua Energy (H)	1088	2.00

Aggregate Price Earnings Ratio	20.44*
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*Source: Nomura International; Data as of 29.02.2008

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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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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