

FTSE CHINA INDEX SERIES

FTSE China 25 Index Review Changes Overview - December 2011

FTSE Research December 2011

Jamie Perrett
Director, Index Research
jamie.perrett@ftse.com
+852 2164 3221

Frank Kang, Ph.D., ASA
Associate Director, Index Research
frank.kang@ftse.com
+852 2164 3222

Betty Ma, CFA
Quantitative Research Manager
betty.ma@ftse.com
+852 2164 3223

Edwin Chan, FRM
Research Analyst
edwin.chan@ftse.com
+852 2164 3242

Hoi Kit Leung
Research Associate
leung.hoikit@ftse.com
+852 2164 3224

Tony Yip
Research Associate
tony.yip@ftse.com
+852 2164 3232

PICC Property & Casualty (H) (02328) will account for 2.70 per cent of the turnover of the FTSE China 25 Index

China COSCO Holdings (H) (01919) before the Index rebalance accounted for 0.75 per cent of the FTSE China 25 Index

Review Overview

The FTSE China 25 Index represents the top 25 Chinese companies (Red Chips and H Shares) by market capitalisation trading on the Stock Exchange of Hong Kong. The FTSE China 25 Index is reviewed quarterly in March, June, September and December to ensure the Index remains representative of the underlying Chinese market for international investors.

Following the December review, the Advisory Committee has approved the following changes to the FTSE China Index Series. Effective on Monday 19th December 2011, PICC Property & Casualty (H) (02328) will be included in the FTSE China 25 Index, replacing China COSCO Holdings (H) (01919). The total two-way index turnover is estimated to be 12.24 per cent.

The FTSE China 25 Index Reserve List contains the next 5 highest ranked companies by full market capitalisation – Dongfeng Motor Group (H) (00489), China Overseas Land & Investment (Red Chip) (00688), Jiangxi Copper (H) (00358), Shanghai Electric Group (H) (02727) and Zoomlion Heavy Industry Science and Technology (H) (01157).

Key changes are highlighted below:

Table One: FTSE China 25 Index Constituent Weightings

Rank	Local Code	Constituent Name	ICB Subsector	Weight in Index before change (%)	Weight in Index after change (%)	Change in Weight (%)	Turnover (2-Way) (%)
1	00941	China Mobile (Red Chip)	Mobile Telecommunications	9.41	10.00	0.59	0.59
2	00939	China Construction Bank (H)	Banks	9.00	9.00	0.00	0.00
3	01398	Industrial and Commercial Bank of China (H)	Banks	8.08	8.00	-0.08	0.08
4	00883	CNOOC (Red Chip)	Exploration & Production	7.77	7.00	-0.77	0.77
5	03988	Bank of China (H)	Banks	3.90	6.00	2.10	2.10
6	00857	Petrochina (H)	Integrated Oil & Gas	5.92	4.00	-1.92	1.92
7	01288	Agricultural Bank of China (H)	Banks	4.39	4.00	-0.39	0.39
8	00386	China Petroleum & Chemical (H)	Integrated Oil & Gas	4.31	4.00	-0.31	0.31
9	02628	China Life Insurance (H)	Life Insurance	4.30	4.00	-0.30	0.30
10	03968	China Merchants Bank (H)	Banks	4.20	4.00	-0.20	0.20
11	01088	China Shenhua Energy (H)	Coal	4.09	4.00	-0.09	0.09
12	02318	Ping An Insurance (H)	Life Insurance	3.90	4.00	0.10	0.10
13	00762	China Unicom Hong Kong Ltd (Red Chip)	Mobile Telecommunications	3.80	4.00	0.20	0.20
14	00728	China Telecom (H)	Fixed Line Telecommunications	3.57	4.00	0.43	0.43
15	00998	China Citic Bank (H)	Banks	3.56	3.35	-0.21	0.21
16	03328	Bank of Communications (H)	Banks	3.36	3.16	-0.20	0.20
17	02328	PICC Property & Casualty (H)	Property & Casualty Insurance	-	2.70	2.70	2.70
18	02601	China Pacific Insurance (Group) (H)	Life Insurance	2.74	2.58	-0.16	0.16
19	01898	China Coal Energy (H)	Coal	2.70	2.55	-0.16	0.16
20	01171	Yanzhou Coal Mining (H)	Coal	2.49	2.35	-0.15	0.15
21	00914	Anhui Conch Cement (H)	Building Materials & Fixtures	2.33	2.19	-0.14	0.14
22	01988	China Minsheng Banking (H)	Banks	1.97	1.86	-0.12	0.12
23	02899	Zijin Mining Group (H)	Gold Mining	1.46	1.38	-0.09	0.09
24	02600	Aluminum Corp of China (H)	Aluminum	1.04	0.98	-0.06	0.06
25	00753	Air China (H)	Airlines	0.97	0.91	-0.06	0.06
-	01919	China COSCO Holdings (H)	Marine Transportation	0.75	-	-0.75	0.75
Totals				100.00	100.00	-	12.24

Source: FTSE Group, data as at 9th December 2011

FTSE CHINA INDEX SERIES

FTSE China 25 Index Review Changes Overview - December 2011

Table Two: FTSE China 25 Index Sector Breakdown

ICB Industry / Sector	Number of Constituents after inclusion	Change in Constituents	Weight in Index before inclusion (%)	Weight in Index after inclusion (%)	Change in Weight (%)	Turnover (2-Way) (%)
Oil & Gas	3	0	18.00	15.00	-3.00	3.00
Oil & Gas Producers	3	0	18.00	15.00	-3.00	3.00
Basic Materials	5	0	11.78	11.24	-0.54	0.54
Industrial Metals & Mining	1	0	1.04	0.98	-0.06	0.06
Mining	4	0	10.75	10.27	-0.48	0.48
Industrials	1	-1	3.07	2.19	-0.88	0.88
Construction & Materials	1	0	2.33	2.19	-0.14	0.14
Industrial Transportation	0	-1	0.75	0.00	-0.75	0.75
Consumer Services	1	0	0.97	0.91	-0.06	0.06
Travel & Leisure	1	0	0.97	0.91	-0.06	0.06
Telecommunications	3	0	16.78	18.00	1.22	1.22
Fixed Line Telecommunications	1	0	3.57	4.00	0.43	0.43
Mobile Telecommunications	2	0	13.21	14.00	0.79	0.79
Financials	12	1	49.40	52.65	3.26	6.55
Banks	8	0	38.45	39.37	0.92	3.29
Nonlife Insurance	1	1	0.00	2.70	2.70	2.70
Life Insurance	3	0	10.94	10.58	-0.36	0.56
Totals	25	2	100.00	100.00	-	12.24

Source: FTSE Group, data as at 9th December 2011

Nonlife Insurance will see the largest rise in Index weighting, up 2.70 per cent

Oil & Gas Producers will see the largest fall in Index weighting, down 3.00 per cent to 15.00 per cent

Table Three: FTSE China 25 Index Estimates Data

Index	Estimated Volatility (%)	Estimated Correlation	Estimated Tracking Error (%)	Estimated Beta
FTSE China 25 Index	28.63	0.9915	3.85	1.04
FTSE China Index	27.39	1.0000	-	1.00

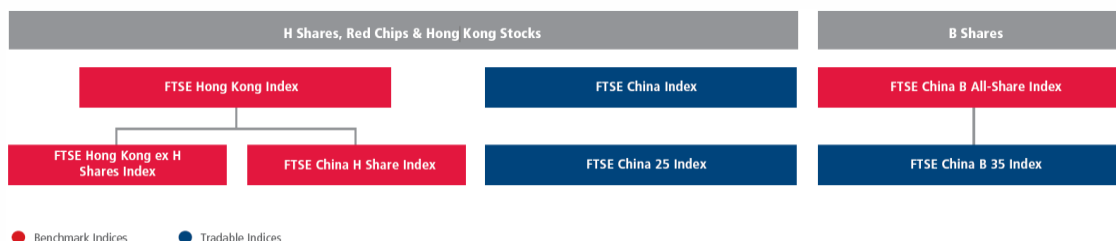
Source: FTSE Group / Estimates data provided by emapplications.com, data as at 9th December 2011

After the FTSE China 25 Index review changes have been applied, the estimated tracking error and estimated correlation to the FTSE China Index will be 3.85 per cent and 0.9915 respectively

FTSE CHINA INDEX SERIES

FTSE China 25 Index Review Changes Overview - December 2011

Family Tree



DISCLAIMER

©FTSE International Limited 2011. "FTSE®" is a trade mark of the London Stock Exchange PLC and The Financial Times Limited is used by FTSE International Limited under licence. All know-how, copyright and database rights in and to the FTSE indices vest in FTSE and/or its licensors.

This document is provided for information purposes only. Each of FTSE International Limited ("FTSE"), its employees and the members of the FTSE Asia Pacific Advisory Committee may have a position or engage in transactions in any of the securities which are constituents of the FTSE China 25 Index and none of them are intending to offer or solicit to buy or sell any such securities through their involvement in the compilation of the FTSE China 25 Index or through activities performed by the FTSE Asia Pacific Advisory Committee. Whilst FTSE makes every effort to ensure that the contents of this document are correct and reflect the current position and the manner in which the FTSE China 25 Index is managed, it cannot provide for every eventuality and this document should be taken as a guide only. Both the English and Chinese version of the document shall govern. In the event of any dispute in the interpretation of the text of the document, the English version shall prevail.

To the maximum extent permissible by law, none of FTSE, its employees nor the members of the FTSE Asia Pacific Advisory Committee shall be liable for any loss, damage, costs or expenses (including legal expenses), whether direct or indirect, special or consequential (including without limitation loss of profits, anticipated savings or wasted expenditure) incurred by any person through reliance on this document or arising directly or indirectly out of the interpretation and application of the Ground Rules, the operation or management of the FTSE China 25 Index or the operation and management of the Industry Classification Benchmark.

None of, FTSE its employees nor the members of the FTSE Asia Pacific Advisory Committee, in operating, managing or giving advice in relation to the FTSE China 25 Index or otherwise (i) make any warranty, expressly or impliedly, as to the merchantability or fitness for a particular purpose of the FTSE China 25 Index, the Industry Classification Benchmark, the Ground Rules or this document; (ii) are under any obligation to advise any person of any error or omission in the FTSE China 25 Index, the Ground Rules or the Industry Classification Benchmark; or (iii) give any assurance or warranty regarding the continued calculation or publication of the FTSE China 25 Index, the methodology used in the calculation of the FTSE China 25 Index or any changes to the constituents of the FTSE China 25 Index.

Industry Classification Benchmark ("ICB") is a product of FTSE International Limited ("FTSE"). All intellectual property rights in and to ICB vest in FTSE and a licence from FTSE is required for use of ICB. "FTSE" is a trade mark of London Stock Exchange and The Financial Times Limited and is used by FTSE under licence. FTSE and its licensors do not accept any liability to any person for any loss or damage arising out of any error or omission in ICB.

EM Applications provides multi asset risk models and software tools to institutional investors around the globe. For further information please visit www.emapplications.com

FOR FURTHER INFORMATION VISIT WWW.FTSE.COM, EMAIL INFO@FTSE.COM OR CALL YOUR LOCAL FTSE OFFICE:
 BOSTON: +1 888 747 FTSE (3873) CHINA (NORTH): 10800 852 1727 CHINA (SOUTH): 10800 152 1727
 FRANKFURT: +49 (0)69 156 85 144 HONG KONG: +852 2164 3333 LONDON: +44 (0)20 7866 1810
 MADRID: +34 91 411 3787 MALAYSIA: 1800 812 116 MILAN: +39 02 7242 6641 NEW YORK: +1 888 747 FTSE (3873)
 PARIS: +33 (0)1 53 76 82 88 SAN FRANCISCO: +1 888 747 FTSE(3873) SINGAPORE: 800 8523 654
 SYDNEY: +61 2 9293 2864 TAIWAN: 0080 185 6152 THAILAND: 001 800 852 5111 TOKYO: +81 3 3581 2811