

FTSE CHINA INDEX SERIES

FTSE China 25 Index Review Changes Overview - September 2011

FTSE Research September 2011

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Anhui Conch Cement (H) (00914) will account for 2.35 per cent of the turnover of the FTSE China 25 Index

China Railway Group (H) (00390) before the Index rebalance accounted for 0.58 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 September review, the Advisory Committee has approved the following changes to the FTSE China Index Series. Effective on Monday 19th September 2011, Anhui Conch Cement (H) (00914) will be included in the FTSE China 25 Index, replacing China Railway Group (H) (00390). The total two-way index turnover is estimated to be 14.62 per cent.

The FTSE China 25 Index Reserve List contains the next 5 highest ranked companies by full market capitalisation – PICC Property & Casualty (H) (02328), China Overseas Land & Investment (Red Chip) (00688), Jiangxi Copper (H) (00358), Dongfeng Motor Group (H) (00489) and Changsha Zoomlion Heavy Industry Science & Technology Development (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	11.12	10.00	-1.12	1.12
2	00939	China Construction Bank (H)	Banks	9.43	9.00	-0.43	0.43
3	01398	Industrial and Commercial Bank of China (H)	Banks	7.42	8.00	0.58	0.58
4	00883	CNOOC (Red Chip)	Exploration & Production	5.84	7.00	1.16	1.16
5	00857	Petrochina (H)	Integrated Oil & Gas	3.92	6.00	2.08	2.08
6	01288	Agricultural Bank of China (H)	Banks	5.47	4.00	-1.47	1.47
7	03988	Bank of China (H)	Banks	5.12	4.00	-1.12	1.12
8	00728	China Telecom (H)	Fixed Line Telecommunications	4.78	4.00	-0.78	0.78
9	00762	China Unicom Hong Kong Ltd (Red Chip)	Mobile Telecommunications	4.72	4.00	-0.72	0.72
10	00386	China Petroleum & Chemical (H)	Integrated Oil & Gas	4.46	4.00	-0.46	0.46
11	01088	China Shenhua Energy (H)	Coal	4.26	4.00	-0.26	0.26
12	02318	Ping An Insurance (H)	Life Insurance	3.90	4.00	0.10	0.10
13	03968	China Merchants Bank (H)	Banks	3.72	4.00	0.28	0.28
14	02628	China Life Insurance (H)	Life Insurance	3.24	4.00	0.76	0.76
15	02601	China Pacific Insurance (Group) (H)	Life Insurance	3.50	3.44	-0.06	0.06
16	03328	Bank of Communications (H)	Banks	3.28	3.23	-0.06	0.06
17	00998	China Citic Bank (H)	Banks	3.03	2.97	-0.05	0.05
18	01171	Yanzhou Coal Mining (H)	Coal	2.94	2.89	-0.05	0.05
19	01898	China Coal Energy (H)	Coal	2.80	2.75	-0.05	0.05
20	00914	Anhui Conch Cement (H)	Building Materials & Fixtures	-	2.35	2.35	2.35
21	01988	China Minsheng Banking (H)	Banks	1.86	1.83	-0.03	0.03
22	02899	Zijin Mining Group (H)	Gold Mining	1.45	1.43	-0.02	0.02
23	02600	Aluminum Corp of China (H)	Aluminum	1.26	1.24	-0.02	0.02
24	00753	Air China (H)	Airlines	1.21	1.19	-0.02	0.02
25	01919	China COSCO Holdings (H)	Marine Transportation	0.70	0.69	-0.01	0.01
-	00390	China Railway Group (H)	Heavy Construction	0.58	-	-0.58	0.58
Totals				100.00	100.00	-	14.62

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

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Table Two: FTSE China 25 Index Sector Breakdown

ICB Industry / Sector	Number of Constituents after change	Change in Constituents	Weight in Index before change (%)	Weight in Index after change (%)	Change in Weight (%)	Turnover (2-Way) (%)
Oil & Gas	3	0	14.22	17.00	2.78	3.70
Oil & Gas Producers	3	0	14.22	17.00	2.78	3.70
Basic Materials	5	0	12.71	12.30	-0.40	0.40
Industrial Metals & Mining	1	0	1.26	1.24	-0.02	0.02
Mining	4	0	11.44	11.06	-0.38	0.38
Industrials	2	0	1.28	3.04	1.76	2.94
Construction & Materials	1	0 *	0.58	2.35	1.77	2.93
Industrial Transportation	1	0	0.70	0.69	-0.01	0.01
Consumer Services	1	0	1.21	1.19	-0.02	0.02
Travel & Leisure	1	0	1.21	1.19	-0.02	0.02
Telecommunications	3	0	20.62	18.00	-2.62	2.62
Fixed Line Telecommunications	1	0	4.78	4.00	-0.78	0.78
Mobile Telecommunications	2	0	15.84	14.00	-1.84	1.84
Financials	11	0	49.96	48.47	-1.50	4.93
Banks	8	0	39.32	37.03	-2.29	4.01
Life Insurance	3	0	10.64	11.44	0.80	0.92
Totals	25	2	100.00	100.00	-	14.62

Note: Both Anhui Conch Cement (H) (00914) and China Railway Group (H) (00390) are in the Construction & Materials sector.

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

Oil & Gas Producers will see the largest change in Index weighting, up 2.78 per cent to 17.00 per cent

Banks will see the largest fall in Index weighting, down 2.29 per cent to 37.03 per cent

Table Three: FTSE China 25 Index Estimates Data

Index	Estimated Volatility (%)	Estimated Correlation	Estimated Tracking Error (%)	Estimated Beta
FTSE China 25 Index	27.88	0.9914	3.81	1.04
FTSE China Index	26.58	1.0000	-	1.00

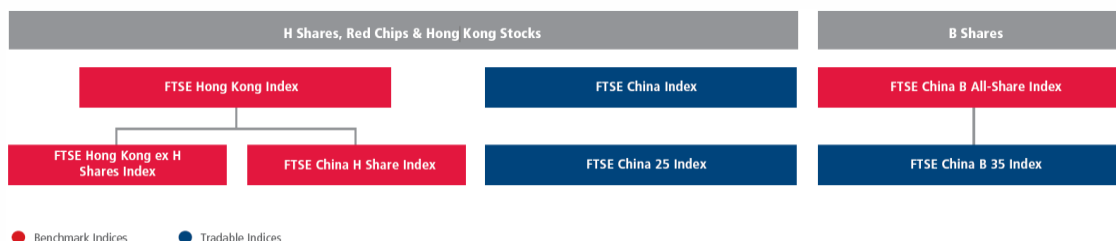
Source: FTSE Group / Estimates data provided by emapplications.com, data as at 9th September 2011

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 3.81 per cent and 0.9914 respectively

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Family Tree



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