

FTSE CHINA INDEX SERIES

FTSE China 25 Index Review Changes Overview - March 2011

FTSE Asia Research March 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

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

Eddie Kwong Hei Ng
Research Associate
eddie.ngkwonghei@ftse.com
+852 2164 3225

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

Yanzhou Coal Mining (01171) and China Minsheng Banking (01988) will account for 2.71 per cent and 1.65 per cent of the turnover of the FTSE China 25 Index respectively

China Communications Construction (01800) and BYD (01211) before the Index rebalance accounted for 1.84 per cent and 1.41 per cent of the FTSE China 25 Index respectively

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 March review, the Advisory Committee has approved the following changes to the FTSE China Index Series. Effective on Monday 21st March 2011, Yanzhou Coal Mining (01171) and China Minsheng Banking (01988) will be included in the FTSE China 25 Index, replacing China Communications Construction (01800) and BYD (01211). The total two-way index turnover is estimated to be 15.31 per cent.

The FTSE China 25 Index Reserve List contains the next 5 highest ranked companies by full market capitalisation – Jiangxi Copper (00358), Anhui Conch Cement (00914), Dongfeng Motor Group (00489), Shanghai Electric Group (02727) and CSR (01766).

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	00939	China Construction Bank	Banks	9.53	10.00	0.47	0.47
2	00941	China Mobile	Mobile Telecommunications	9.26	9.00	-0.26	0.26
3	01398	Industrial and Commercial Bank of China	Banks	8.32	8.00	-0.32	0.32
4	00883	CNOOC	Exploration & Production	7.66	7.00	-0.66	0.66
5	03988	Bank of China	Banks	4.21	6.00	1.79	1.79
6	02628	China Life Insurance	Life Insurance	5.32	4.00	-1.32	1.32
7	00762	China Unicom Hong Kong Ltd	Mobile Telecommunications	4.77	4.00	-0.77	0.77
8	00857	Petrochina	Integrated Oil & Gas	4.44	4.00	-0.44	0.44
9	00728	China Telecom	Fixed Line Telecommunications	4.34	4.00	-0.34	0.34
10	00386	China Petroleum & Chemical	Integrated Oil & Gas	4.31	4.00	-0.31	0.31
11	02318	Ping An Insurance	Life Insurance	3.88	4.00	0.12	0.12
12	01088	China Shenhua Energy	Coal	3.85	4.00	0.15	0.15
13	03968	China Merchants Bank	Banks	3.63	4.00	0.37	0.37
14	03328	Bank of Communications	Banks	3.54	3.74	0.20	0.20
15	01288	Agricultural Bank of China	Banks	3.66	3.69	0.03	0.03
16	02601	China Pacific Insurance (Group)	Life Insurance	3.22	3.25	0.02	0.02
17	00998	China Citic Bank	Banks	2.86	2.89	0.02	0.02
18	01898	China Coal Energy	Coal	2.78	2.80	0.02	0.02
19	01171	Yanzhou Coal Mining	Coal	-	2.71	2.71	2.71
20	02600	Aluminum Corp of China	Aluminum	1.71	1.72	0.01	0.01
21	01988	China Minsheng Banking	Banks	-	1.65	1.65	1.65
22	02899	Zijin Mining Group	Gold Mining	1.51	1.52	0.01	0.01
23	00753	Air China	Airlines	1.41	1.47	0.06	0.06
24	00390	China Railway Group	Heavy Construction	1.28	1.29	0.01	0.01
25	01919	China COSCO Holdings	Marine Transportation	1.26	1.27	0.01	0.01
-	01800	China Communications Construction	Heavy Construction	1.84	-	-1.84	1.84
-	01211	BYD	Electrical Components & Equipment	1.41	-	-1.41	1.41
Total				100.00	100.00	-	15.31

Source: FTSE Group, data as at 11th March 2011

FTSE CHINA INDEX SERIES

FTSE China 25 Index Review Changes Overview - March 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	16.41	15.00	-1.41	1.41
Oil & Gas Producers	3	0	16.41	15.00	-1.41	1.41
Basic Materials	5	1	9.85	12.76	2.90	2.90
Industrial Metals & Mining	1	0	1.71	1.72	0.01	0.01
Mining	4	1	8.14	11.03	2.89	2.89
Industrials	2	-2	5.78	2.56	-3.23	3.27
Construction & Materials	1	-1	3.12	1.29	-1.83	1.85
Electronic & Electrical Equipment	0	-1	1.41	0.00	-1.41	1.41
Industrial Transportation	1	0	1.26	1.27	0.01	0.01
Consumer Services	1	0	1.41	1.47	0.06	0.06
Travel & Leisure	1	0	1.41	1.47	0.06	0.06
Telecommunications	3	0	18.36	17.00	-1.36	1.36
Fixed Line Telecommunications	1	0	4.34	4.00	-0.34	0.34
Mobile Telecommunications	2	0	14.03	13.00	-1.03	1.03
Financials	11	1	48.18	51.22	3.04	6.31
Banks	8	1	35.75	39.97	4.21	4.85
Life Insurance	3	0	12.43	11.25	-1.18	1.46
Total	25	4	100.00	100.00	-	15.31

Source: FTSE Group, data as at 11th March 2011

Banks will see the largest change in Index weighting, up 4.21 per cent to 39.97 per cent

Construction & Materials will see the largest fall in Index weighting, down 1.83 per cent to 1.29 per cent

Table Three: FTSE China 25 Index Estimates Data

Index	Estimated Volatility (%)	Estimated Correlation	Estimated Tracking Error (%)	Estimated Beta
FTSE China 25 Index	26.14	0.9889	3.89	1.01
FTSE China Index	25.50	1.0000	-	1.00

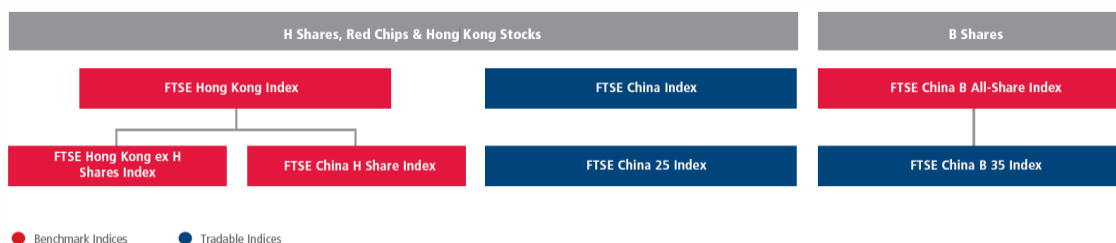
Source: FTSE Group / Estimates data provided by emapplications.com, data as at 11th March 2011

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 3.89 per cent and 0.9889 respectively

FTSE CHINA INDEX SERIES

FTSE China 25 Index Review Changes Overview - March 2011

Family Tree



RIGHTS

©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.

The Industry Classification Benchmark ("ICB") is a joint product of FTSE International Limited and Dow Jones & Company, Inc. Neither FTSE nor Dow Jones accept any liability to any person for any loss or damage arising out of any error or omission in the 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: 1800 653 680 TAIWAN: 0080 185 6152 THAILAND: 001 800 852 5111 TOKYO: +81 3 3581 2811