

FTSE/XINHUA CHINA 25 INDEX PERFORMANCE REPORT - INTERNATIONAL INDEX

March 2008

(Market performance data provided by FTSE Research)

Index Commentary

In March, the FTSE/Xinhua China 25 Index fell on concerns that the Chinese government would step up tightening measures to cool inflation, and that near-record oil prices would erode corporate earnings.

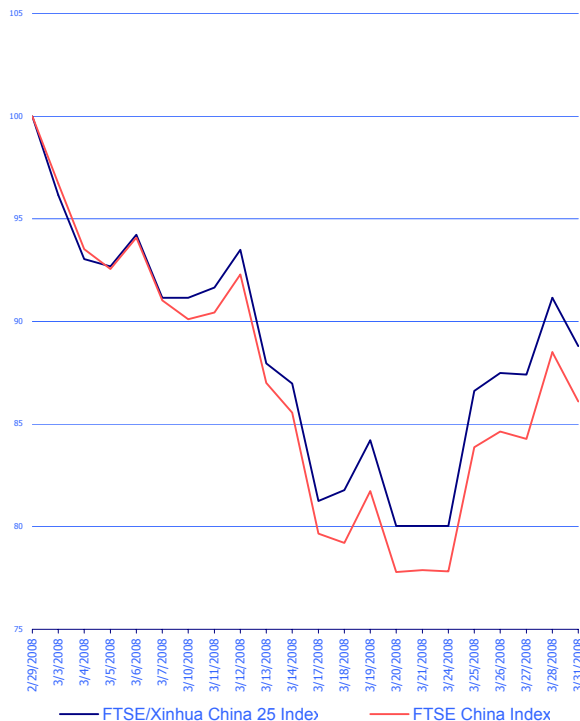
The market still had a couple of rebounds during the month. On 12 March, the index climbed after the Federal Reserve said it would inject as much as USD 200 billion into the U.S. financial system to revive lending among banks and to try to avert a recession. On 18 and 19 March, the stocks rose after the Hong Kong Monetary Authority matched the U.S. Federal Reserve's move to cut interest rates by three quarters of a percentage to 3.75 percent. Hong Kong's currency is pegged to the U.S. dollar at about HKD 7.80, which typically means Hong Kong's monetary policy follows that of the Fed. Later in the month, the index continued to rebound and surged from the month-long low point of 17933.56 points on 21 March. The FTSE/Xinhua China 25 Index finally closed at 19911.54 points, down 11.2% this month.

Constituent Commentary

In terms of constituents, China Petroleum & Chemical (0386.HK), also called Sinopec, was the worst performing stock in the FTSE/Xinhua China 25 Index in February.

Sinopec, China's largest oil refinery, was experiencing pressures amid surging global crude oil prices and tightening domestic controls. China's inflation rate accelerated to an 11 year high and government imposed limits to control consumer-price inflation. Therefore, Sinopec was not able to pass on the higher cost of the crude oil it used to make gasoline and diesel to consumers.

Overall Market Performance (USD) (Capital Return, from 29.02.2008 to 31.03.2008)



5 Highest Weighted Constituents	Local Code	% wgt
China Mobile (Red Chip)	0941	10.90
Industrial and Commercial Bank of China (H)	1398	8.75
China Life Insurance (H)	2628	7.82
Petrochina (H)	0857	7.24
China Construction Bank (H)	0939	6.65

5 Highest Performers	Local Code	Price Return (%)
Bank of China (H)	3988	-0.60
Industrial and Commercial Bank of China (H)	1398	-2.17
China Merchants Bank (H)	3968	-3.06
China Mobile (Red Chip)	0941	-3.50
BOC Hong Kong (Holdings) (Red Chip)	2388	-3.90

5 Lowest Performers	Local Code	Price Return (%)
China Petroleum & Chemical (H)	0386	-24.75
China Shenhua Energy (H)	1088	-23.77
China Coal Energy (H)	1898	-23.22
Datang International Power Generation (H)	0991	-22.95
Aluminum Corp of China (H)	2600	-19.87

Aggregate Price Earnings Ratio	17.64*
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*Source: Nomura International; Data as of 31.03.2008

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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