

# FTSE XINHUA INDEX SERIES

FTSE/Xinhua China 25 Index Review Changes Overview – April 2009

## FTSE Asia Research April 2009

FTSE ASIA RESEARCH

Jamie Perrett  
Head of Quantitative Research  
Asia Pacific  
jamie.perrett@ftse.com  
+852 2230 5816

Frank Kang, Ph.D., ASA  
Senior Quantitative Research  
Manager  
Asia Pacific  
frank.kang@ftse.com  
+852 2230 5833

Betty Ma, CFA  
Quantitative Research Manager  
Asia Pacific  
betty.ma@ftse.com  
+852 2230 5836

*Zijin Mining Group and China Merchant Holdings will account for 2.15 per cent and 2.17 per cent respectively of the turnover for the FTSE/Xinhua China 25 Index*

*China Mobile before the Index rebalance accounted for 7.69 per cent and after capping will account for 10 per cent, the largest weighting in the FTSE/Xinhua China 25 Index*

### Review Overview

The FTSE/Xinhua 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/Xinhua China 25 Index is reviewed quarterly in January, April, July and October to ensure the Index remains representative of the underlying Chinese market for international investors.

Following the April review, the FTSE/Xinhua Index Series Advisory Committee has approved the following changes to the FTSE/Xinhua China 25 Index. Effective on Monday 20 April 2009, Zijin Mining Group will be included in the FTSE/Xinhua China 25 Index, replacing China Merchant Holdings. The total estimated two-way index turnover will be 18.11 per cent.

The FTSE/Xinhua China 25 Index Reserve List contains the next 5 highest ranked companies by full market capitalisation – China Railway Construction, China Overseas Land & Inv, Shanghai Electric Group, Anhui Conch Cement, and Angang Steel.

An overview of the changes are highlighted below:

**Table One: FTSE/Xinhua China 25 Index Indicative Constituent Weightings**

Rank	Constituent Name	Subsector Name	Weight in Index before change (%)	Weight in Index after change (%)	Change in Weight (%)	Turnover (2-Way) (%)
1	China Mobile (Red Chip)	Mobile Telecommunications	7.69	10.00	2.31	2.31
2	China Life Insurance (H)	Life Insurance	9.03	9.00	-0.03	0.03
3	Industrial and Commercial Bank of China (H)	Banks	8.31	8.00	-0.31	0.31
4	Bank of China (H)	Banks	8.58	7.00	-1.58	1.58
5	CNOOC (Red Chip)	Exploration & Production	3.82	6.00	2.18	2.18
6	China Construction Bank (H)	Banks	5.97	4.00	-1.97	1.97
7	Petrochina (H)	Integrated Oil & Gas	5.83	4.00	-1.83	1.83
8	Ping An of China (H)	Life Insurance	4.56	4.00	-0.56	0.56
9	China Petroleum & Chemical (H)	Integrated Oil & Gas	4.22	4.00	-0.22	0.22
10	China Telecom (H)	Fixed Line Telecommunications	4.17	4.00	-0.17	0.17
11	China Shenhua Energy (H)	Coal	4.06	4.00	-0.06	0.06
12	China Unicom Hong Kong Ltd (Red Chip)	Mobile Telecommunications	3.18	4.00	0.82	0.82
13	Bank of Communications (H)	Banks	3.74	3.98	0.23	0.23
14	BOC Hong Kong (Holdings) (Red Chip)	Banks	3.40	3.80	0.40	0.40
15	China Communications Construction (H)	Heavy Construction	3.66	3.77	0.11	0.11
16	China Merchants Bank (H)	Banks	3.69	3.64	-0.04	0.04
17	China Citic Bank (H)	Banks	2.90	2.87	-0.03	0.03
18	China Coal Energy (H)	Coal	2.62	2.59	-0.03	0.03
19	Zijin Mining Group (H)	Gold Mining	-	2.15	2.15	2.15
20	Aluminum Corp of China (H)	Aluminium	1.56	2.06	0.50	0.50
21	China Railway Group (H)	Heavy Construction	1.98	1.96	-0.02	0.02
22	Huaneng Power International (H)	Electricity	1.57	1.55	-0.02	0.02
23	China COSCO Holdings (H)	Marine Transportation	1.08	1.43	0.34	0.34
24	Datang International Power Generation (H)	Electricity	1.23	1.21	-0.01	0.01
25	Air China (H)	Airlines	1.00	0.99	-0.01	0.01
-	China Merchant Holdings (Red Chip)	Transportation Services	2.17	-	-2.17	2.17
	<b>Total</b>		<b>100.00</b>	<b>100.00</b>	<b>-</b>	<b>18.11</b>

Source: FTSE Group, data as at 9<sup>th</sup> April 2009

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*Telecommunications will see the largest increase in Index weighting, up 2.96 per cent*

*Financials will see the largest fall in Index weighting, down -3.88 per cent*

*After the FTSE/Xinhua China 25 Index review changes have been applied, the estimated tracking error and estimated correlation to the FTSE/Xinhua China Index will be 3.29 per cent and 0.9958 respectively*

**Table Two: FTSE/Xinhua China 25 Index Sector Breakdown**

Industry/Sector Name	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	13.87	14.00	0.13	4.23
Oil & Gas Producers	3	0	13.87	14.00	0.13	4.23
Basic Materials	4	1	8.24	10.80	2.56	2.74
Industrial Metals	1	0	1.56	2.06	0.50	0.50
Mining	3	1	6.67	8.74	2.07	2.24
Industrials	3	-1	8.89	7.16	-1.74	2.65
Construction & Materials	2	0	5.64	5.73	0.09	0.14
Industrial Transportation	1	-1	3.25	1.43	-1.83	2.52
Consumer Services	1	0	1.00	0.99	-0.01	0.01
Travel & Leisure	1	0	1.00	0.99	-0.01	0.01
Telecommunications	3	0	15.04	18.00	2.96	3.30
Fixed Line Telecommunications	1	0	4.17	4.00	-0.17	0.17
Mobile Telecommunications	2	0	10.87	14.00	3.13	3.13
Utilities	2	0	2.79	2.76	-0.03	0.03
Electricity	2	0	2.79	2.76	-0.03	0.03
Financials	9	0	50.17	46.29	-3.88	5.15
Banks	7	0	36.58	33.29	-3.29	4.56
Life Insurance	2	0	13.59	13.00	-0.59	0.59
<b>Total</b>	<b>25</b>	<b>2</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>	<b>18.11</b>

Source: FTSE Group, data as at 9<sup>th</sup> April 2009

**Table Three: FTSE/Xinhua China 25 Index Estimates Data**

Index	Estimated Volatility (%)	Estimated Correlation	Estimated Tracking Error (%)	Estimated Beta
FTSE/Xinhua China 25 Index	35.95	0.9958	3.29	1.00
FTSE/Xinhua China Index	35.78	1.0000	-	1.00

Source: FTSE Group / Estimates data provided by emapplications.com, data as at 9<sup>th</sup> April 2009

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