

SBL52 Index Analytical Report • May,2005

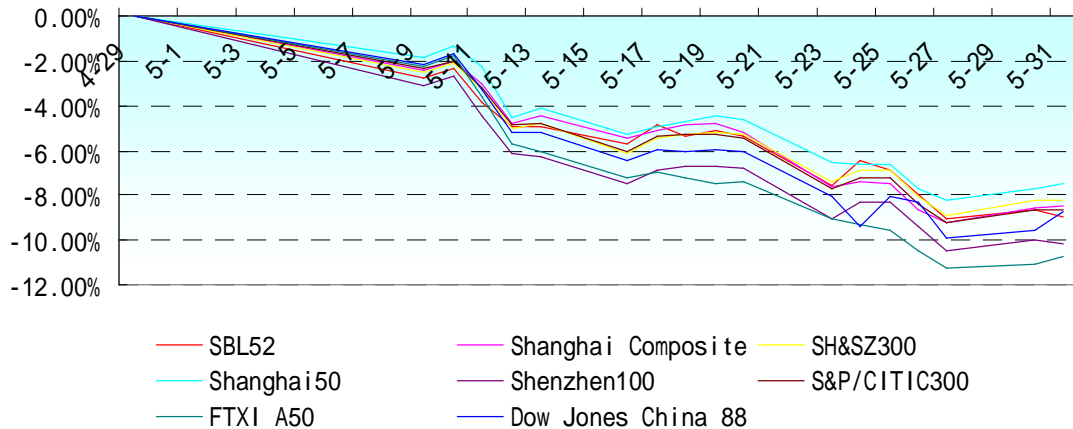
Datasource : www.SBL365.com , www.sina.com.cn , www.citic.com , www.ftse.com ,
chinaindex.dowjones.com

1. Index Trend

In May ,2005,Chinese Stock Market experienced a sharp down trend ,while Shanghai Composite Index had touched the lowest price of 1043.28 in resent 6 years.This was caused by two main reasons:1.floating shareholders worried about not being reasonably compensated from solving the segments of floating & restricted A shares; 2.The valuation of listed companies may be reduced in some industries which would be impacted by the increase in value of RMB,the conflict in foreign trade and the macro-economic control policy. Under such circumstances ,SBL (CN)P-Share Component Index (SBL52) closed down 9%.

Figure 1

Index Performance in May,2005



Among the 8 indexes in figure1, FTXI A50 had the largest lose rate of 10.78% and Shanghai 50 had the least lose rate of 7.44% which was related to the increasing scale of ETF50.

2 Risk / Return

Based on their daily value ,we calculated the risk/return indexes as shown in figure 2 which was ranked by total return in May .We selected 1 year Bank-Deposit rate (2.25%) as risk free rate and S&P/CITIC300 as benchmark.

Figure2 Risk / Return data list

Rank	Index	Total Return in May	Daily Return	Daily Volatility	β	Jensen
1	Shanghai50	-7.44%	-0.4491%	0.0093	0.89	0.0002
2	SH&SZ300	-8.20%	-0.4968%	0.0102	1.02	0.0004
3	Shanghai Composite	-8.49%	-0.5155%	0.0100	0.99	0.0000
4	S&P/CITIC300	-8.61%	-0.5235%	0.0100	1.00	0.0000
5	Dow Jones China 88	-8.74%	-0.5299%	0.0114	0.90	0.0006
6	SBL52	-9.00%	-0.5478%	0.0104	0.97	-0.0004
7	Shenzhen100	-10.17%	-0.6227%	0.0113	1.11	-0.0004
8	FTXI A50	-10.78%	-0.6649%	0.0088	0.83	-0.0024

Compared in return rate, Shanghai50 ranked first by its least lose rate.When it came to risk ,the FTXI A50 with the largest lose rate had the least volatility.If we calculated the risk adjusted return index, Dow Jones China 88 had the highest Jensen value.

SBL52 ranked sixth among 8 indexes both in total return and volatility.Three components went down more than 30% : HONGDOU (-39.47%), TEAMSUN (-35.20%),CHINA UNION HOLDINGS (-33.63%).But SANY HEAVY INDUSTRY & ZI JIANG had the monthly return of 12.98% & 6.83% .The two companies was among the first experimental units in solving the segments of floating & restricted A shares.

3 Character of Components

3.1 Sector Allocation

We selected components' close prices on May 31,2005 to calculate the sector 's floating market cap of SBL52. Figure 3 showed the market cap of Real Estate dropped down mostly (19.64%)relative to last month due to the collection of turnover tax.Communication & Agrculture and Composite with the worst performance in April bounced back,their market cap ratio compared with last month was 9.72%,-0.10%.

Figure3 SBL52 Sector Allocation

Sector	Market Cap (10 thousands)	± last month	Weight
Real Estate	849,011	-19.64%	12.85%
Manufature	2,816,947	-9.20%	42.64%
Information Technology	1,308,623	-8.32%	19.81%
Composite	505,624	-0.10%	7.65%
Communication&Agrculture	29,972	9.72%	0.45%
Finance&Insurance	718,980	-5.35%	10.88%
Transport & Storage	104,532	-6.02%	1.58%
Mining	76,398	-12.30%	1.16%
Construction	46,434	-4.42%	0.70%
Wholesale & Retailer	149,375	-10.49%	2.26%
Total	6,605,896	-9.42%	100%

3.2 Market Cap

Also based on components' closing prices on May 31,2005, SBL52's average market cap was 1,270.06 million.

Figure4 Market Cap allocation of SBL52's Componets

Item	Name (Code)	Market Cap (10 thousands RMB)	Weight	Floating A Shares (10 thousands)	Close Price (Rmb)
Max	VANKE (000002)	733,234.18	11.10%	157,684.77	4.65
Median1	NEWHOPE(000876)	64,168.00	0.97%	10,400.00	6.17
Median2	SHIMAO (600823)	61,954.55	0.94%	16,973.85	3.65
Min	WEIXING (002003)	14,133.00	0.21%	2,100.00	6.73

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