WHY DID THE CHINESE STOCK MARKET PERFORM SO BADLY IN 2008?

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Executive Summary

1. The year 2008 was a bad year for all capitalist markets especially the Shanghai Stock Exchange (SSE). The benchmark recorded an annual loss of 65 percent, plunging from 4,380 points in January 2008 to 1,820 points at the end of December 2008, making the SSE the worst performing market in Asia.

2. The SSE's retreat ended the index's two-year bull run from 2006 to 2007 where it soared more than 300 percent. The decline came even though the Chinese economy registered a growth of 9 percent in 2008 and the Chinese capital market is still relatively isolated from the international markets.

3. An obvious cause of the dismal performance of the SSE is the rippling effect of the financial meltdown in the United States which caused other regional markets such as the Hang Seng Index and the Straits Times Index to buckle as well.

4. The magnitude of the SSE's plunge is also due to the burst of its speculative bubble after the US financial crisis took shape in late 2007.

5. The bubble, which was marked by a sharp surge of Chinese share prices from April 2006 to October 2007, was formed by the pent-up demand for Chinese stocks after the SSE emerged from years of inactivity and inefficiency in 2006.

6. Investors sought higher returns as interest rates offered by Chinese banks during that time were very low. The tight governmental monetary control also prevented domestic investors from diversifying their portfolio.

7. The integration of the SSE with international markets also made the index more sensitive to development in the global financial world.

8. This integration is brought about by the surge in the listing of large Chinese blue-chips companies in both the Hong Kong and Shanghai stock exchanges. In fact, most of the top 10 IPOs in Hong Kong were offered by mainland Chinese blue-chip companies from 2005 through 2007.

9. Lastly, the deteriorating trading environment caused by the scheduled release of non-tradable shares in the next two years as well as the slowing of China's red-hot economy has to a large extent dampened investors' mood. This further worsened the slide of the SSE.

10. Nonetheless, some investors are still optimistic about the future of the Chinese stock market branding it as a "growth story" and its overall movement as a necessary correction.

WHY DID THE CHINESE STOCK MARKET PERFORM SO BADLY IN 2008?

YANG Mu & LIM Tin Seng[*]

Dismal Performance of the Shanghai Stock Exchange in 2008

1.1 The year 2008 was a bad year for all capitalist markets especially the Shanghai Stock Exchange (SSE).[1] The benchmark recorded its biggest annual loss of more than 65 percent as its value plunged from 4,380 points in January 2008 to 1,820 points in December 2008. This marked the end of the index's two-year bull run from 2006 to 2007 where the SSE soared more than 300 percent (Chart 1).

1.2 The SSE's dismal performance came even when the Chinese economy grew 9 percent in 2008, which is the highest in the world, and when the Chinese capital market is still relatively isolated from forces of the international markets. An obvious explanation for the Chinese stock exchange's retreat is the rippling effect of the financial meltdown in the United States and Europe. In fact, the episode has also deeply affected the performance of other financial markets. Indices across all continents such as Hang Seng Index, Nikkei and

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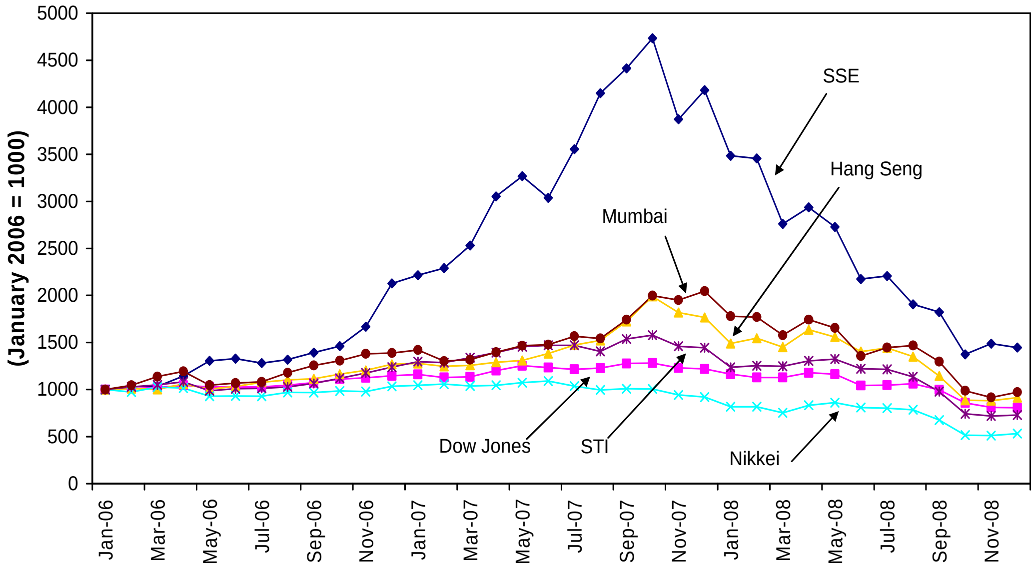
[1] The Shanghai and the Shenzhen stock exchanges were set up in 1990 and 1991 respectively as an instrument to reform the State-Owned Enterprises (SOEs). Indeed, during Deng Xiaoping's Southern Tour (nanxun), he endorsed his support of the shareholding system and saw it as an important component for the establishment of a "modern enterprise system". He believed that shareholding would improve the management of SOEs which would in turn help modernize the inefficient SOE regime. See John Stanley Gillespie, John Gillespie, Pip Nicholson and Penelope Nicholson, *Asian Socialism & Legal Change* , (Canberra, A.C.T.: ANU E Press; Asia Pacific Press, c2005), pp. 92-98.

Straits Times Index have recorded unprecedented annual losses as investors scrambled to offload their holdings amid a deteriorating trading environment.

CHART 1 MOVEMENT OF THE SHANGHAI INDEX WITH SELECTED WORLD INDICES, JANUARY 2006 TO DECEMBER 2008

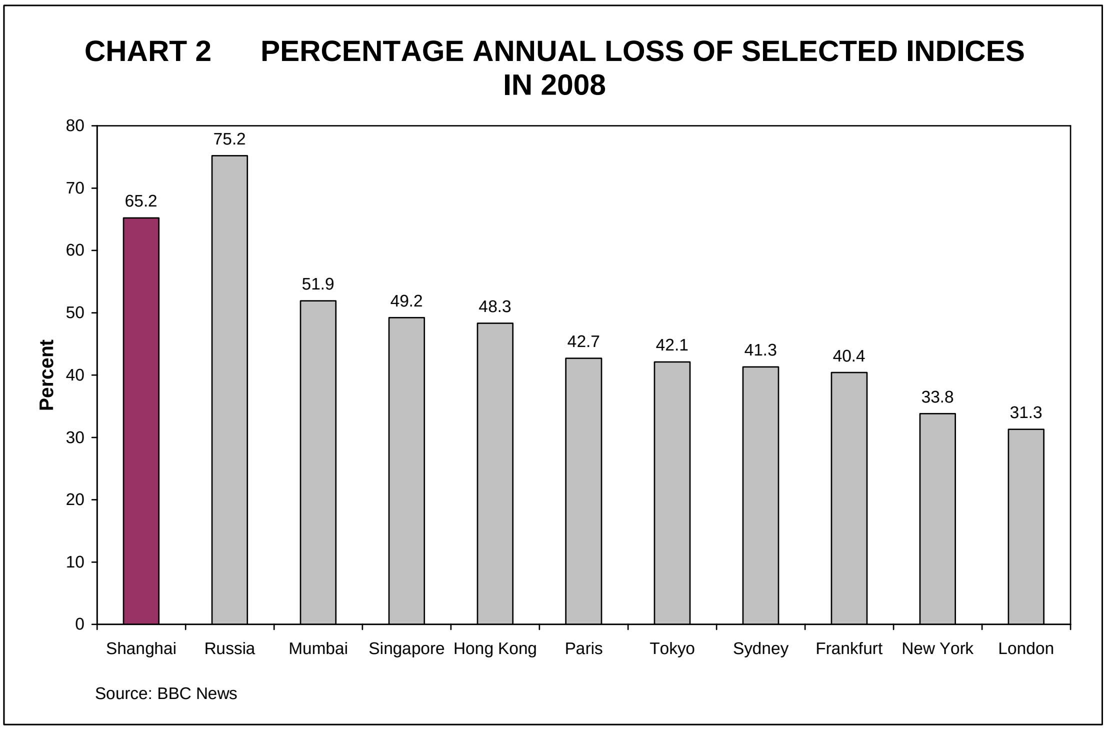


Source: World Federation of Exchanges

1.3 For instance, the Hang Seng Index shed 48 percent of its value in 2008 which is its second biggest drop to date and its worst since the global oil shock of the early 1970s. India's Mumbai Index retreated at a recorded pace of about 52 percent.[2] Similarly, Singapore's Straits Times Index and Japan's Nikkei index followed Dow Jones and other European markets to end the year losing an average of over 40 percent of their values (Chart 2).[3] However, the annual loss of 65 percent registered by SSE in 2008 was by far the largest among Asian markets and the second largest in the world.

2 "Asia's Bull Run Ends in 2008 with Record Falls", *Associated Press*, 31 December 2008.

3 "Record Stock Market Falls in 2008", *BBC News*, 31 December 2008.



Speculative Bubble in the Shanghai Index

2.1 The financial crisis in the United States and Europe, however, is insufficient to explain the magnitude of the SSE's plunge. To a certain extent, the drop is also attributed to the burst of the index's speculative bubble after the financial crisis took shape in late 2007.

2.2 The bubble, marked by a sharp surge of Chinese share prices from April 2006 to October 2007, was formed by the pent-up demand for Chinese stocks after the SSE emerged from years of inactivity and inefficiency in 2006 (Chart 3). Although the SSE was established nearly 20 years ago, it was not until recently that the government began to introduce concrete efforts to improve the efficiency of the stock exchange thus making it attractive to investors. Some of these initiatives included encouraging dividend payments, suspending the release of non-tradable shares, combating market corruption and instituting better transparency requirements in corporate financial reporting.[4]

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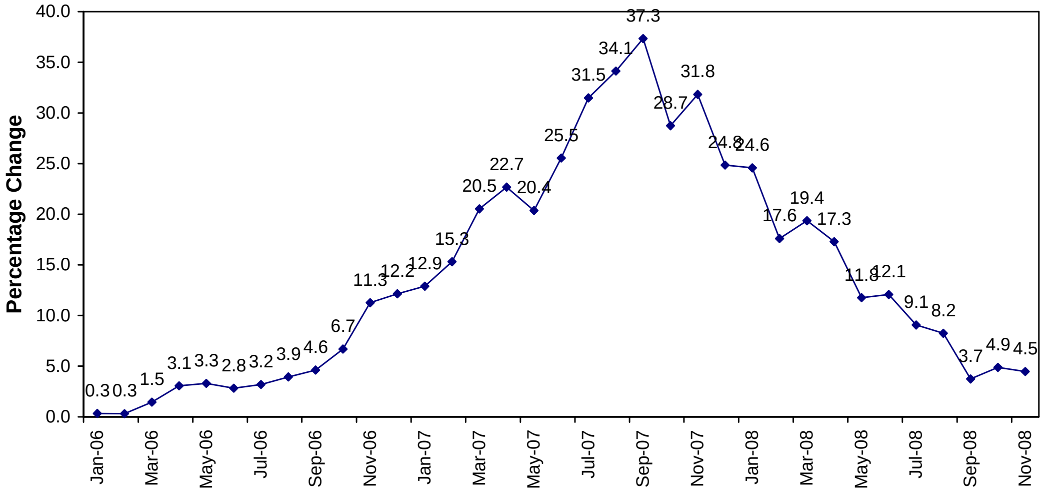
4 Refer to Nicholas Consonery, "Market Momentum", *China Insight,* (America Chamber of Commerce in Shanghai: Shanghai, December 2008) pp.22-25 for more details on the Chinese government's recent efforts to revamp the SSE.

CHART 3 CUMULATIVE PERCENTAGE CHANGE OF THE SHANGHAI INDEX, JANUARY 2006 TO DECEMBER 2008 (Base Year = Jan 2006)



Source: World Federation of Exchanges

2.3 The bull run of the SSE was also fuelled by investors seeking higher returns for their savings. It was reported that more than 70 billion yuan (US$ 9.1 billion) were transferred from savings accounts in Shanghai to stock trading accounts during the first four months of 2007.[5] This is not surprising given that banks in China were offering low or negative interest rates for saving accounts during that time. In addition, the trading environment during that period was filled with optimism as not only economic growth in both China and the region was at its highest, international markets were also surging to record heights.

2.4 The speculative bubble in the SSE was also caused by the tight monetary control established by the government, preventing domestic investors from diversifying their portfolio in overseas markets. Although Beijing had tried to ease the outward flow of capital by introducing the Qualified Domestic Institutional Investors (QDII) scheme in 2006, its impact remains minimal.[6] The QDII investment quota of about US$42 billion at the end of 2007 was way too small to diversify the portfolio of domestic investors. Furthermore,

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5 "Chinese Pour Savings Deposits into Stock Market", *China Daily*, 14 May 2007.

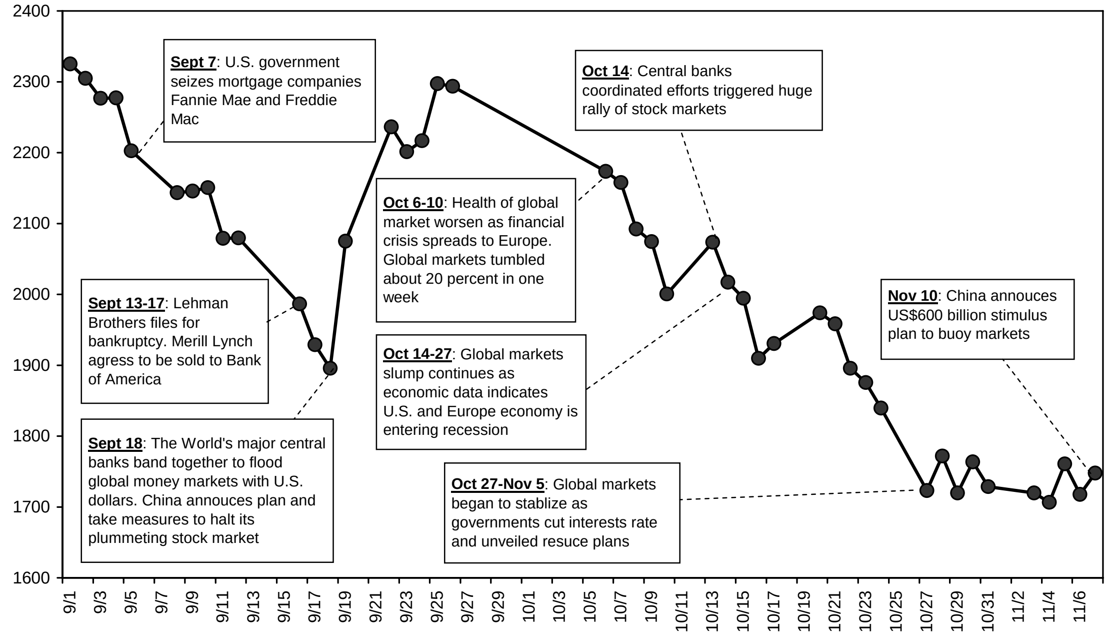
6 "Qualified Domestic Institutional Investors Scheme", *China Daily*, 26 September 2006.

there are far too many restrictions for domestic investors to take up shares overseas. For instance, investments have to be made through a group of government approved investment institutions which can be commercial banks, fund management firms or insurance companies.

Integration of the Shanghai Index with International Markets

3.1 The sharp decline of the SSE was also attributed to the liberalization and integration of the benchmark with international markets. This made the index more sensitive to developments in the global financial world. For example, from September 2008 to October 2008, a period largely perceived as the black hole of global markets in 2008, the movement of the SSE was extremely volatile and in most cases reflected poor market sentiment overseas (Chart 4).

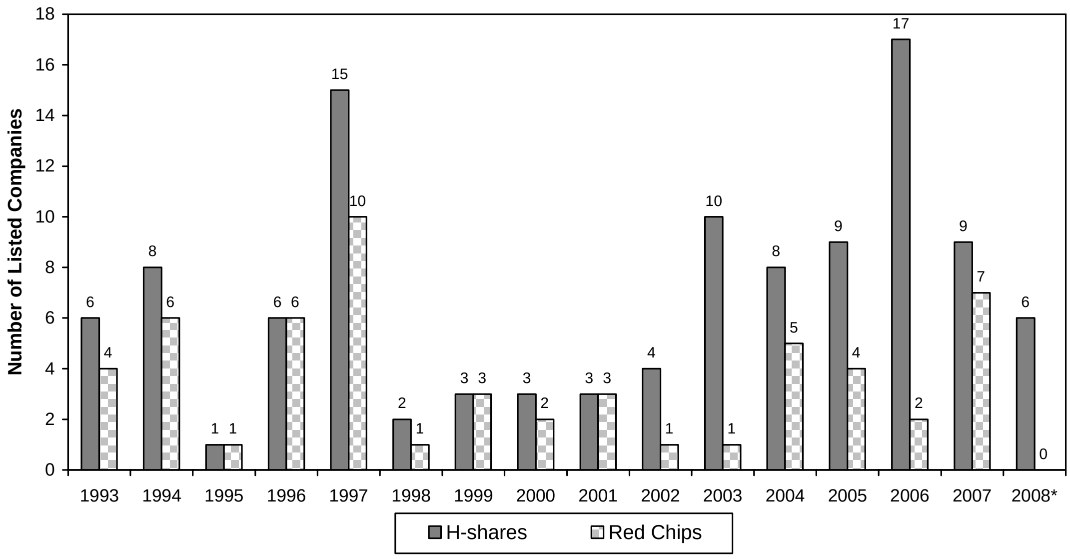
CHART 4 SSE MOVEMENTS IN RELATION TO MAJOR FINANCIAL EVENTS, 1 SEPTEMBER 2008 TO 11 NOVEMBER 2008



Source: Bloomberg; Wall Street Journal

3.2 The integration of the SSE with international markets was partly due to the large-scale listing of Chinese blue-chip companies in both Shanghai and overseas markets, especially the Hong Kong stock exchange. Although overseas listing could be traced back to 1993 when H-shares were first offered in the Hong Kong, it was only recently particularly after China's accession to the World Trade Organization (WTO) in 2002 that there was a sharp jump in the listing of large Chinese blue-chip companies overseas.[7] As at the end of August 2008, there were 199 Chinese companies listed on the Main Board of the Hong Kong stock exchange, of which 110 companies were H-shares while the remaining 89 were red chips (Chart 5).

CHART 5 NUMBER OF CHINA-RELATED COMPANIES LISTED IN MAIN BOARD OF HONG KONG STOCK EXCHANGE, 1993 TO AUGUST 2008



Note: * As at the end of August 2008
Source: HKEx Factbook (various issues)

3.3 To some extent, the integration of the SSE with international markets was also facilitated by the introduction of the Qualified Foreign Institutional Investors (QFII) scheme in 2002. The scheme allows foreign fund management firms and insurance companies to invest in A-shares or RMB-denominated securities. This is a gigantic step taken by Beijing to open up the stock market to foreign capital. Prior to the introduction of the QFII scheme, RMB dominated A-shares were only available to domestic investors. Foreign

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7 H-shares are among the three categories of shares traded in China's stock market with A- and B-shares as the other two. H-shares are issued by mainland Chinese companies listed in the Hong Kong stock exchange under the Hang Seng China Enterprises Index and are quoted in HK dollar. Although these companies are also listed in the SSE, H- and A-shares are not convertible. Nonetheless, the QDII scheme is important in several ways to the development of the country's capital market. Other than A-, B- and H-shares, there are also the N-shares and the S-shares. The N-shares are issued by Chinese companies listed in the New York Stock Exchange while the S-shares are by companies in the Singapore Straits Times Index.

investors who were interested in investing in the Chinese stock market were only allowed to purchase B-shares.[8] Clearly, this conservative ruling was overwritten by the QFII when trading in the SSE was opened to foreign investors.

3.4 However, the capital market in China is still relatively isolated from the international markets. In fact, there is an investment quota which is set by the State Administration Foreign Exchange (SAFE).[9] The quote will determine the total amount of capital that foreign institutions will be able to bring into China. As of the end of 2007, the investment quota of QFII stood at US$72 billion.

Lifting the Ban on the Sale of Non-tradable Shares

4.1 The plunge registered by the SSE was also caused by eroding market sentiments in China. First, the scheduled release of non-tradable shares in 2009 and 2010 has unravelled nervous investors of the massive inflow of tradable stocks that will upset the supply-demand relationship in the stock market already embattled by the impact of the financial meltdown in Wall Street and Europe.[10]

4.2 The unique two-tier structure of the Chinese securities market was established during the privatization process of state-owned enterprises (SOEs) in the 1990s. This structure created two classes of shares in the securities market: tradable and non-tradable shares. While companies were able to raise funds by issuing tradable shares, non-tradable shares were offered to the state to allow the state to retain non-voting control of the board of these companies.

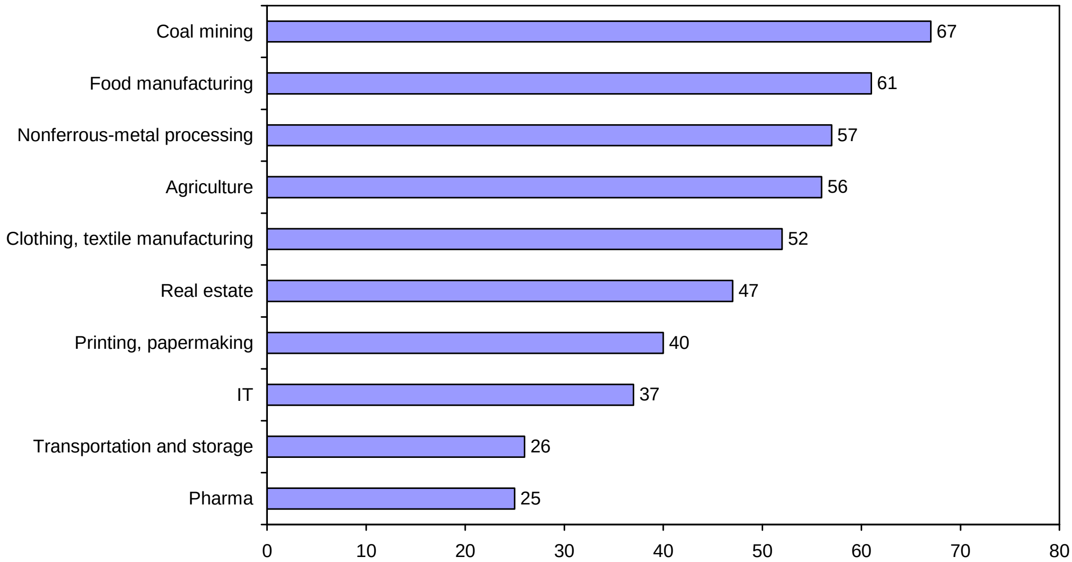
[8] Chen Chien-Hsun and Shih Hui-Tzu, *The Evolution of the Stock Market in China's Transitional Economy* (Northampton, MA: Edward Elgar Pub., 2002), pp.28-30. Nicolaas Groenewold *et. al*., The Chinese Stock Market: Efficiency, Predictability, and Profitability (Cheltenham, UK; Northampton, MA: Edward Elgar, c2004), p.26.

[9] Lu Ding and Li Ning, "China's Capital Market Reform: Problems and Prospects", in John Wong and Liu Wei (eds.), *China's Surging Economy: Adjusting for More Balanced Development* (Singapore: World Scientific, 2007), pp.282-283.

[10] Sheridan Prasso, "A stock crash is just what China needs", *Asia Times*, 15 December 2007.

As at the end of 2007, the state was still the majority shareholder of most companies (Chart 6).

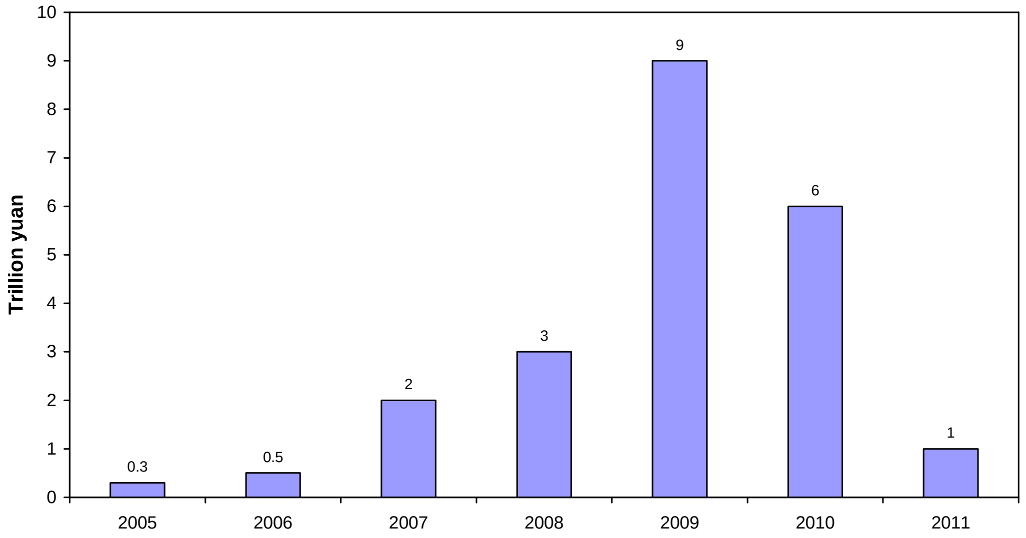
CHART 6 NON-TRADABLE SHARES AS % OF TOTAL CAPITALIZATION OF SELECTED SECTORS AS AT THE END OF 2007



Source: Financial China Information & Technology

4.3 The lifting of non-tradable shares was a huge challenge for China. When the State Council initiated the selling of non-tradable shares on selected SOEs on a pilot basis in 2001, it triggered panic selling as retail investors holding tradable shares were worried that the influx of non-tradable shares would undermine their holdings' value. In response, the China Securities Regulatory Commission (CSRC), the country's stock market watchdog, suspended and revised the reform process and procedures. This included adding a one-year lock-up period for the sale of non-tradable shares after they were converted to tradable shares and limiting the sale of non-tradable shares for each shareholder to only 5 percent in the first year after the lock-up period and 10 percent the following year. Although these steps were merely prolonging the release of non-tradable shares into the market, they were enough to calm the nerves of investors. This allowed the authorities to re-introduce the reform exercise in 2005 without triggering any panic in the market (See Chart 7).

CHART 7 SCHEDULE OF THE LIFTING OF THE BAN ON THE SALE OF NON-TRADEABLE SHARES (VALUE BASIS, TRILLION YUAN)



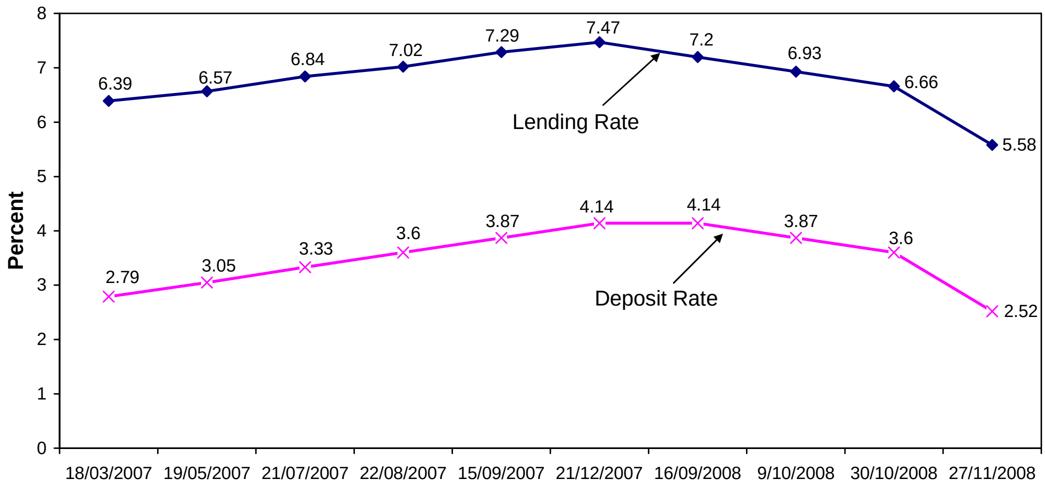
Source: Kwan Chi Hung, "Lifting of Ban on Sale of Non-Tradable Shares to Hold Down Stock Prices", China in Transition, 13 November 2007.

4.4 However, when the authorities re-launched the reform exercise, they did not predict the current bearish market outlook. In fact, at that time the SSE and international markets were rallying towards historical heights. Therefore, with the remarkable turnaround in market sentiment coupled with the fact that most non-tradable shares would be available for trading in 2009, the SSE could be facing the same collapse that it experienced in 2001 when the authorities first attempted to release non-tradable shares into the market. The fateful timing could thus explain the extensive loss of the SSE which was out of proportion compared to international markets.

4.5 Nonetheless, the CSRC must keep the release of non-tradable shares on track despite the downward effect the process has on the SSE. It should also refrain from past measures such as imposing another lock-up period for non-tradable shares in order to stabilize the market as they would only delay the SSE’s liberalization process.

4.6 So far, there are no signs that the government is planning to delay the release of non-tradable shares. Instead, it has introduced a number of short-term measures to stabilize the market. These include lowering stamp duty for the purchase of shares and allowing margin lending and short-selling.[11] The central bank has also lowered the lending rate from 6.93 to 6.66 percent (Chart 8).[12] Furthermore, the government announced that it would use China Investment Corp., its US$200 billion sovereign wealth fund, to buy shares in Industrial & Commercial Bank of China., Bank of China. and China Construction Bank.[13]

CHART 8 CHANGES IN CHINA'S BENCHMARK INTEREST RATE, MARCH 2007 TO NOVEMBER 2008



Source: China Daily

China's Poor Economic Outlook

5.1 Despite Beijing's efforts in stabilizing the market, the SSE continued to slide as it buckled at the bleak outlook of global financial markets and economy. After experiencing more than five years of double-digit growth, the Chinese economy is showing signs of slowing down as production in the manufacturing sector shrink due to weak external demand for Chinese goods. Other factors such as the sharp rise in commodity prices coupled with rising

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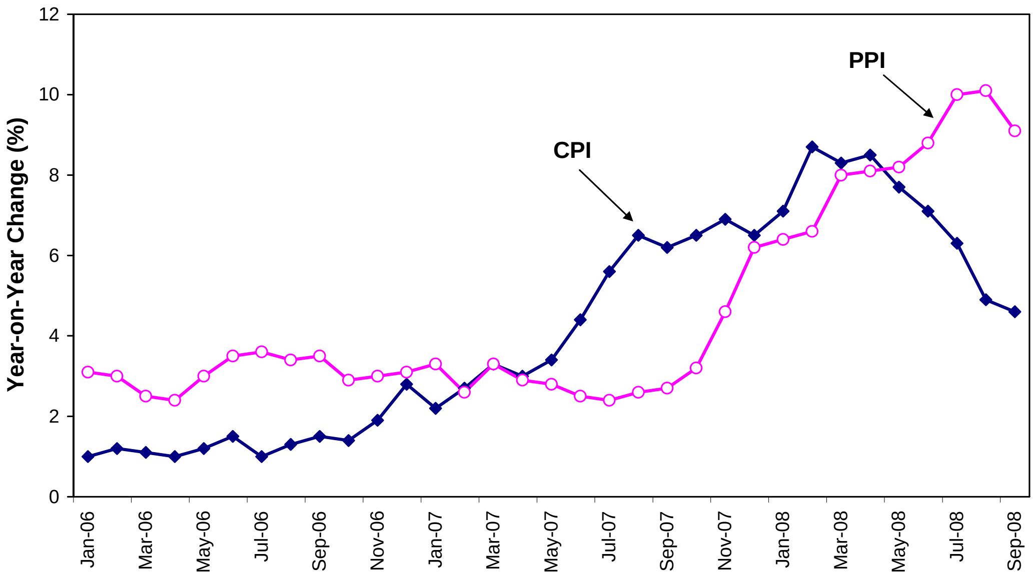
11 "China Allows Short Sales, Margin Loans to Help Market", *Bloomberg*, 26 September 2008.

12 "China Cuts Benchmark Interest Rates by 0.27 Percentage Points", *China Daily*, 29 October 2008.

13 "China to Cut Stamp Duty, Buy Bank Shares", *Bloomberg*, 18 September 2008.

labour cost in the country's developed regions are also embattling the weak manufacturing sector. In fact, China's Production Price Index (PPI) has been growing at a rate of more than 8.5 percent in the first nine months of 2008 (Chart 9).

CHART 9 CHINA'S CPI AND PPI RATE, JANUARY 2006 TO SEPTEMBER 2008



Source: National Bureau of Statistics of China

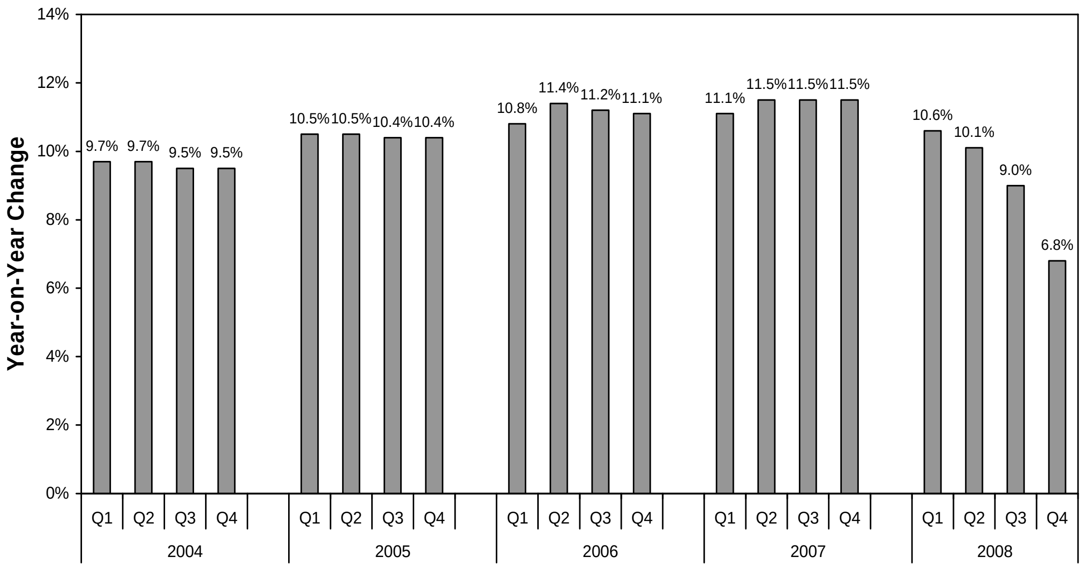
5.2 The sharp increase in production cost has affected many companies in China. It was reported that more than 1,300 companies in the Pearl River Delta region were either forced to shut down or relocate in the first three quarters of 2008. Besides, about 30 percent of the total number of firms in the delta region incurred losses during the same period. Only 20 percent posted profits while the remaining 50 percent managed to break even.[14] The affected companies were mostly labour-intensive, producing goods such as clothing or footwear. However, there were also cases where electronic firms were forced to cease operation.

5.3 Beijing is aware of the problem and has forecasted weaker growth in the months ahead. Zhou Xiaochuan, the central bank governor, said that the

14 "Domino Effect Takes Hold in Pearl River Delta Region", *China Daily*, 22 October 2008.

economy could slow down from 9.9 percent in the first three quarters of 2008 to around 8 to 9 percent in 2009.[15] This will end more than four years of double-digit growth (Chart 10). Although the forecasted growth is still considered high, it is certainly going to spook investors who once thought that China could shield itself from the financial woes of the West.

CHART 10 CHINA'S QUARTERLY GDP GROWTH, 2004 TO 2008



Source: China Statistical Yearbook (various issues); National Bureau of Statistical of China

5.4 In response to this development, Beijing recently unveiled a US$586 billion economic stimulus package. It aimed at inducing growth by expanding government spending in infrastructure development and on large-scale social welfare projects. Beijing also added that it would be taking a more "pro-active fiscal policy" such as loosening credit and encouraging lending.[16]

5.5 The willingness of the government to spend big and the prospect of a looser credit condition together with the increasing participation of China in the international effort to tackle the financial woe should calm investors and

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[15] "Zhou Predicts 8 to 9 Percent Economic Growth for China Next Year", *Shanghai Daily*, 9 November 2008.

[16] "China Unveils US$586b Economic Stimulus Plan", *China Daily*, 10 November 2008.

minimise the volatility in the SSE. However, this is still relatively dependent on the duration and extent of the financial crisis.

5.6 Some investors are optimistic that the process would yield positive results. In fact, long-term investors like Jim Rogers, who started buying Chinese shares in 1999, said at an investor conference in Nanning in June 2008 that the Chinese stock index is a “growth story” and its overall movement a correction. He said he was glad that there was a sharp drop in the market as it would remove over-valued shares. Rogers claimed he has not sold any of his holdings and will be investing in China’s stock market “for the rest of the century”.

Appendix

TABLE 1 TOP 10 IPOs IN HONG KONG TO DATE

Ranking	Company	Total IPO fund raised (US$ billion)	Year of IPO
1	Industrial and Commercial Bank of China*	16	2006
2	Bank of China	11.5	2006
3	China Construction Bank	9.2	2005
4	China CITIC Bank Corporation	6.1	2007
5	China United Communications	5.6	2000
6	China Mobile Communications	4.2	1997
7	China Life Insurance	3.4	2003
8	China Petrochemical Corporation	3.4	2000
9	China Shenhua Energy Company Limited	3.3	2005
10	China National Petroleum Corporation	2.9	2000

Note: The simultaneous listing of ICBC in both Hong Kong and China raised a total of US$21.9 billion, making it the world's largest IPO.
Source: Hong Kong Exchanges and Clearing Limited; Greater China IPO Watch 2007

TABLE 2 NUMBER OF CHINA-RELATED COMPANIES LISTED IN MAIN BOARD OF HONG KONG STOCK EXCHANGE, 1993 TO AUGUST 2008

Year	H-Shares (No. of Companies)	Red Chips (No. of Companies)
1993	6	4
1994	8	6
1995	1	1
1996	6	6
1997	15	10
1998	2	1
1999	3	3
2000	3	2
2001	3	3
2002	4	1
2003	10	1
2004	8	5
2005	9	4
2006	17	2
2007	9	7
2008*	6	0

Note: * As at end of August 2008
Source: Hong Kong Exchanges and Clearing Limited

TABLE 3 MARKET CAPITALIZATION OF CHINA-RELATED STOCKS IN HONG KONG, 1993 TO AUG 2008

Year	H-Shares		Red Chips		Total	
	Market Capitalization (HK$ billion)	% of market	Market capitalisation (HK$ billion)	% of market	Market capitalisation (HK$ billion)	% of market
1993	18	0.6%	124	4%	142	5%
1994	19	0.9%	84	4%	104	5%
1995	16	0.7%	110	5%	127	5%
1996	31	0.9%	263	8%	294	8%
1997	49	2%	472	15%	521	16%
1998	34	1%	334	13%	368	14%
1999	42	1%	956	20%	999	21%
2000	85	2%	1,204	25%	1,289	27%
2001	99	3%	909	23%	1,009	26%
2002	129	4%	806	23%	936	26%
2003	403	7%	1,198	22%	1,601	29%
2004	455	7%	1,409	21%	1,865	28%
2005	1,280	16%	1,710	21%	2,990	37%
2006	3,363	25%	2,952	22%	6,315	48%
2007	5,056	25%	5,514	27%	10,571	51%
2008*	4,019	27%	3,799	25%	7,818	51%

Note: * As at end of August 2008
Source: Hong Kong Exchanges and Clearing Limited

TABLE 4 EQUITY FUNDS RAISED BY CHINA-RELATED COMPANIES, 1993 TO 2008

Year	H-Shares			Red Chips		
	IPOs (HK$ billion)	Post IPO (HK$ billion)	Total (HK$ billion)	IPOs (HK$ billion)	Post IPO (HK billion)	Total (HK$ billion)
1993	8	-	8	1	14	15
1994	10	-	10	2	12	13
1995	2	0.9	3	2	5	7
1996	7	1	8	3	16	19
1997	32	1	33	39	42	81
1998	2	1	4	0.1	17	17
1999	4	-	4	2	53	55
2000	52	-	52	44	250	294
2001	6	0.5	6	12	7	19
2002	17	-	17	21	32	53
2003	46	0.5	47	3	2	5
2004	40	19	59	15	12	26
2005	137	21	159	1	21	22
2006	290	14	304	3	48	51
2007	75	11	86	50	65	115
2008*	29	5	33	-	25	25

Note: * As at end of August 2008
Source: Hong Kong Exchanges and Clearing Limited

TABLE 5 TURNOVER OF CHINA-RELATED STOCKS, 1993 TO AUGUST 2008

Year	H-Shares		Red Chips		Total	
	Turnover (HK$ billon)	% of equity turnover	Turnover (HK$ billion)	% of equity turnover	Turnover (HK$ billion)	% of equity turnover
1993	33	3%	88	8%	121	11%
1994	34	3%	58	6%	92	9%
1995	17	2%	46	6%	63	8%
1996	25	2%	135	11%	160	12%
1997	298	8%	1,044	30%	1,341	38%
1998	74	5%	369	23%	443	28%
1999	103	6%	354	20%	458	26%
2000	164	6%	675	24%	839	29%
2001	245	13%	497	27%	742	41%
2002	140	10%	309	21%	449	31%
2003	501	22%	494	22%	995	43%
2004	934	27%	615	18%	1,549	46%
2005	949	26%	604	17%	1,553	43%
2006	2,522	39%	1,101	17%	3,622	56%
2007	7,749	47%	2,726	17%	10,474	63%
2008*	4,438	48%	1,680	18%	6,118	66%

Note: * As at end of August 2008
Source: Hong Kong Exchanges and Clearing Limited

TABLE 6 LIST OF QFII (AS AT JULY 2008)

No.	Name of QFII	Approval Date
1	UBS AG	23-May-03
2	Nomura Securities Co., Ltd.	23-May-03
3	Morgan Stanley & Co. International Limited	5-Jun-03
4	Citigroup Global Markets Limited	5-Jun-03
5	Goldman, Sachs & Co.	4-Jul-03
6	Deutsche Bank AG or Deutsche Bank Aktiengesellschaft	30-Jul-03
7	The Hongkong and Shanghai Banking Corporation Limited	4-Aug-03
8	ING Bank N. V.	10-Sep-03
9	Jpmorgan Chase Bank	30-Sep-03
10	Credit Suisse (HongKong) Limited	24-Oct-03
11	Standard Chartered Bank (HongKong) Limited	11-Dec-03
12	Nikko Asset Management Co., Ltd.	11-Dec-03
13	Merrill Lynch International	30-Apr-04
14	Hangseng Bank	10-May-04
15	Daiwa Securities SMBC Co., Ltd.	10-May-04
16	Lehman Brothers International (Europe)	6-Jul-04
17	Bill & Melinda Gates Foundation	19-Jul-04
18	INVESCO Asset Management Limited	4-Aug-04
19	ABN AMRO Bank N.V.	2-Sep-04
20	Société Générale	2-Sep-04
21	Templeton Asset Management Ltd.	14-Sep-04
22	Barclays Bank PLC	15-Sep-04
23	Dresdner Bank Aktiengesellschaft	27-Sep-04
24	Fortis Bank SA/NV	29-Sep-04
25	BNP Paribas	29-Sep-04
26	Power Corporation of Canada	15-Oct-04
27	Calyon S.A.	15-Oct-04
28	Goldman Sachs Asset Management International	9-May-05
29	Martin Currie Investment Management Ltd.	25-Oct-05
30	Government of Singapore Investment Corporation Pte. Ltd.	25-Oct-05
31	AIG Global Investment Corp.	14-Nov-05
32	Temasek Fullerton Alpha Investments Pte. Ltd.	15-Nov-05
33	JF Asset Management Limited	28-Dec-05
34	The Dai-ichi Mutual Life Insurance Company	28-Dec-05
35	DBS Bank Ltd.	13-Feb-06
36	AMP Capital Investors Ltd.	10-Apr-06
37	Scotia Bank or The Bank of Nova Scotia	10-Apr-06
38	KBC Financial Products UK Limited	10-Apr-06
39	La Compagnie Financierr Edmond de Rothschild Banque	10-Apr-06
40	Yale University	14-Apr-06
41	Morgan Stanley Investment Management Inc.	7-Jul-06
42	Prudential Asset Management (Hongkong) Limited	7-Jul-06
43	Stanford University	5-Aug-06
44	GE Asset Management Incorporated	5-Aug-06
45	United Overseas Bank Limited	5-Aug-06
46	Schroder Investment Mangement Limited	29-Aug-06
47	HSBC Investments (Hongkong) Limited	5-Sep-06

48	Shinko Securities Co., Ltd.	5-Sep-06
49	UBS Global Asset Management (Singapore) Ltd.	25-Sep-06
50	Sumitomo Mitsui Asset Management Company, Limited	25-Sep-06
51	Norges Bank	24-Oct-06
52	Pictet Asset Management Limited	25-Oct-06
53	The Trustees of Columbia University in the City of New York	12-Mar-08
54	Prudential Asset Management Co., Ltd.	7-Apr-08
55	Robeco Institutional Asset Management B.V.	5-May-08
56	State Street Global Advisors Asia Limited	16-May-08
57	Platinum Investment Company Limited	2-Jun-08
58	KBC Asset Management N.V.	2-Jun-08
59	Mirae Asset Investment Management Co., Ltd.	25-Jul-08

Source: CSRC