

FTSE XINHUA INDEX PERFORMANCE REPORT - DOMESTIC SERIES August 2008

(Market performance data provided by FTSE Research)

Index Summary

The China stock market endured another declining month on continuing weak sentiment. The FTSE Xinhua All-Share Index closed at 5381.1 points, down 17.1% from the end of July its lowest level since 6 February 2007. The benchmark has tumbled 54.9% this year, the most among benchmark indices from the world's 20 biggest equity markets.

The FTSE Xinhua Index Series followed a downward trend over the month with a gloom pervading the market. On 1 August, The FTSE Xinhua All-Share Index reached its month high of 6580.8 points when China's President Hu Jintao commented the country needed to continue to maintain a 'steady and fast' economic growth. The market expectation that the government would introduce some market-stabilizing measures before the Beijing Olympic Games did not however materialize. This disappointment was felt throughout the market and sent the benchmark down 5.2% on 8 August, the opening day of the Olympic Games. On 18 August, the FTSE Xinhua All-Share Index plunged to 5264.9 points, down 16.4% in just 7 trading days. A research note from Frank Gong, Head of China Research at JPMorgan Chase & Co., on 19 August led to further speculation that the government will be introducing measures to support the market and bolster economic growth. The FTSE Xinhua All-Share Index rebounded 7.8% on 20 August. However, as the speculation again faded away, the index continued its downward trend with the daily trading volume in both the Shanghai and Shenzhen stock markets shrinking to its lowest level in nearly two years.

Over the month the FTSE Xinhua Indices made significant negative returns. The best performer was the blue chip FTSE/Xinhua China A50 Index, down 9.5%. The FTSE Xinhua 400 Index and the FTSE Xinhua Small Cap Index were the worst performers, down 24.3% and 22.1% respectively.

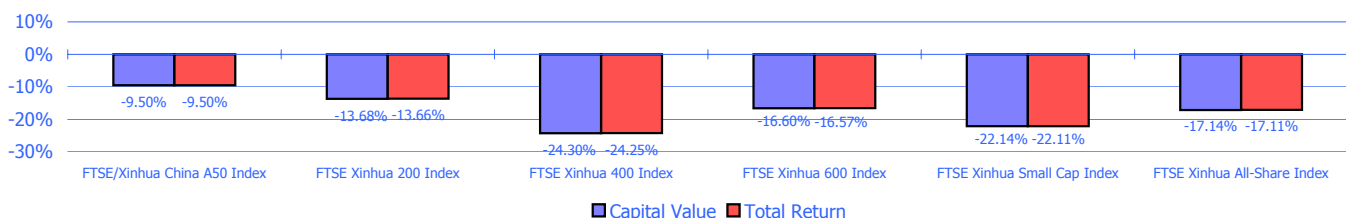
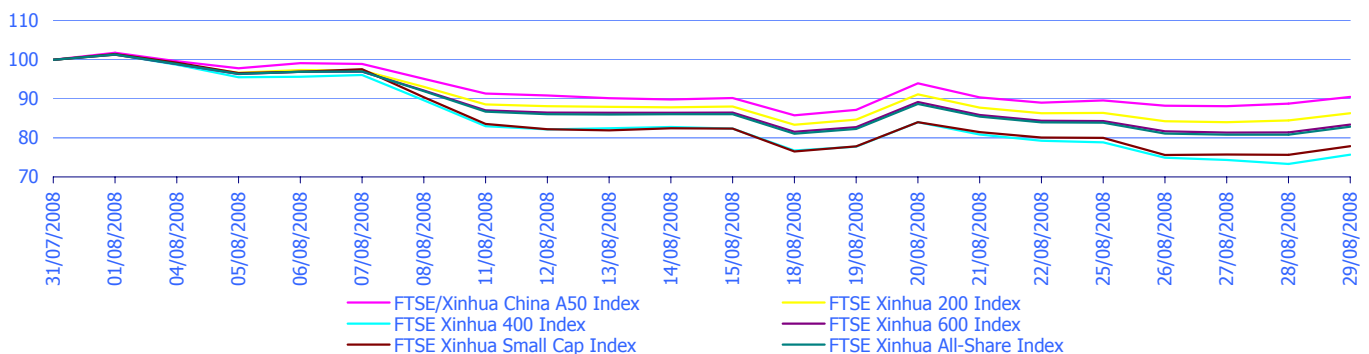
Sector Commentary

In terms of the sectors, the best performer was Life Assurance gaining an impressive 5.8%, followed by Banks and General Financial, down 4.9% and 11.8% respectively. All of the three sectors are in the Financial Industry, the majority of them being blue chips stocks. The worst performer Oil Equipment, Services & Distribution fell 35.2% due to the heavyweight Offshore Oil Engineering (600583.SH) down 38.6% this month, reaching its daily 10 percent limit for two consecutive days after the announcement that its first-half profit was 33 percent lower due to higher costs caused by the bad weather.

Constituent Commentary

In terms of constituents, the 5 highest performers were Shanghai stocks fueled by speculation that Disneyland will be building a theme park in Shanghai. The best performer Shanghai Yatong (600692.SH) rose 38.3% since the market expects the location of the Shanghai Disneyland to be on Chongming Island where the company holds more than 150 hectares of land. The worst performers were China Sports Industry (600158.SH) and Beijing Xidan Market (600723.SH), down 60.1% and 54.7% respectively, both were dragged down by the end of the Olympics concept.

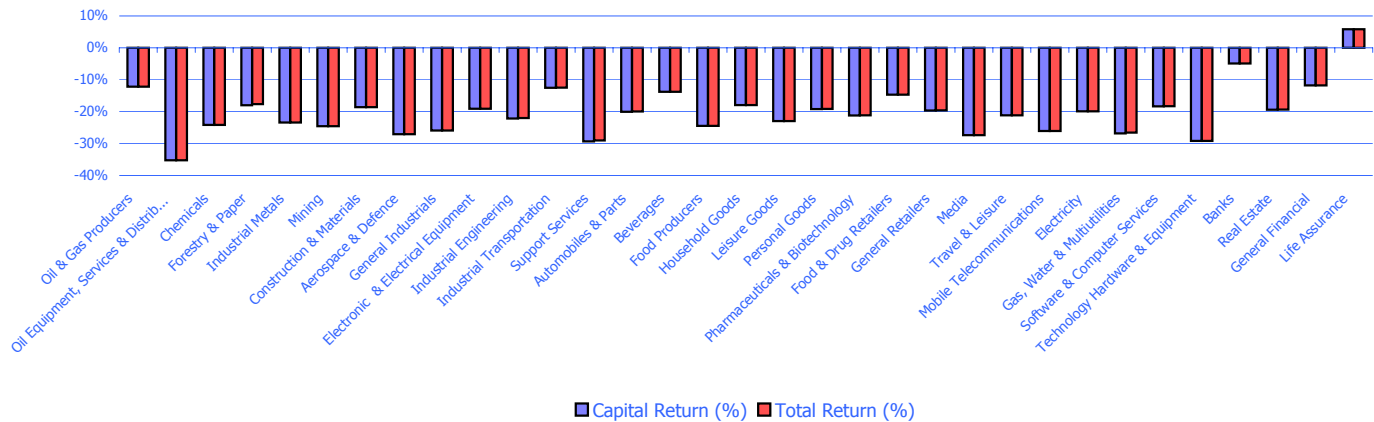
Overall Market Performance (RMB) (Capital Return, from 31.07.2008 to 29.08.2008)



FTSE XINHUA SHARE INDEX PERFORMANCE REPORT - DOMESTIC SERIES (continued)

August 2008

Sector Performances within the FTSE Xinhua 600 Index



5 Highest Performing Industry Sectors in the FTSE Xinhua 600 Index	Price Return (%)
Life Assurance	5.84
Banks	-4.90
General Financial	-11.75
Oil & Gas Producers	-12.15
Industrial Transportation	-12.51

5 Lowest Performing Industry Sectors in the FTSE Xinhua 600 Index	Price Return (%)
Oil Equipment, Services & Distribution	-35.22
Support Services	-29.33
Technology Hardware & Equipment	-29.18
Media	-27.38
Aerospace & Defence	-27.07

5 Highest Performers in the FTSE Xinhua All-Share Index	Local Code	Price Return (%)
Shanghai Yatong	600692	38.32
Shanghai Join Buy	600838	17.49
Shanghai Jiabao Industry & Commerce	600622	14.60
Shanghai Jin Jiang Intl Ind Inv	600650	14.19
Shanghai Haibo	600708	9.86

5 Lowest Performers in the FTSE Xinhua All-Share Index	Local Code	Price Return (%)
China Sports Industry	600158	-60.11
Beijing Xidan Market	600723	-54.66
Xinjiang GuanNong Fruit & Antler	600251	-49.61
Beijing Urban & Rural Tradng	600861	-48.91
Chongqing Shanxian Paints	000565	-48.77

The FTSE Xinhua Index Series is designed to represent the performance of the mainland Chinese market that is available to nationals of the People's Republic of China or to international investors under the Qualified Foreign Institutional Investor (QFII) rules. The series of indices is expected to become the definitive measure for investors tracking the Chinese market and will be closely monitored globally as a measure of the world's most important new market.

The FTSE Xinhua Index Series is the leading index series covering shares listed on both Shanghai and Shenzhen Stock Exchanges. The indices are calculated in real-time and can be used as the basis for tracker and mutual funds (including exchange traded funds), structured and derivative products as well as as a performance benchmark for those investing in China.

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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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